

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1940

(16th February to 10th April, 1940)

SEVENTH SESSION
OF THE
FOURTH COUNCIL OF STATE, 1940



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Council of State

President :

THE HONOURABLE SIR MANEOKJI DADABHOY, K.C.S.I., K.C.I.E.,
BAR.-AT-LAW.

Panel of Chairmen :

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS, C.I.E.
THE HONOURABLE SIR DAVID DEVADOSS.
THE HONOURABLE SIR RAMUNNI MENON.
THE HONOURABLE MR. HOSSAIN IMAM.

Secretary :

THE HONOURABLE MR. SHAVAX A. LAL.

Committee on Petitions :

THE HONOURABLE RAJA CHARANJIT SINGH, *Chairman*.
THE HONOURABLE SIR A. P. PATRO, K.C.I.E.
THE HONOURABLE SIR RAMUNNI MENON.
THE HONOURABLE MR. R. H. PARKER.
THE HONOURABLE MR. P. N. SAPRU.

} *Members.*



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THE
COUNCIL OF STATE DEBATES
(OFFICIAL REPORT OF THE SEVENTH SESSION OF THE FOURTH
COUNCIL OF STATE)

VOLUME I—1940

COUNCIL OF STATE

Friday, 16th February, 1940

The Council met in the Council Chamber of the Council House in New Delhi at Half Past Eleven of the Clock, being the first day of the Seventh Session of the Fourth Council of State, pursuant to section 63D (2) of the Government of India Act. The Honourable the President (the Honourable Sir Maneckji Byramji Dadabhoy, K.C.S.I., K.C.I.E., Bar.-at-Law) was in the Chair.

MEMBERS SWORN

The Honourable Sir Guthrie Russell (Chief Commissioner for Railways).
The Honourable Mr. Satyendra Nath Roy (Communications Secretary).
The Honourable Mr. Eric Conran-Smith (Home Secretary).
The Honourable Mr. Hugh Dow (Nominated Official).
The Honourable Mr. Cyril Edgar Jones (Finance Secretary).

QUESTIONS AND ANSWERS

NAMES OF CONTRACTORS SUPPLYING BALLAST, ETC., TO THE E. I. R., E. B. R.
AND B.N.R.

1. THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA :
(a) Will Government lay on the table a statement showing—

(i) the names of the contractors who supplied ballast, stone-chips and stone-setts to the E.I.R. (Howrah Division), E.B.R. and B.N.R. during the years from April, 1935 to March, 1939 ;

- (ii) the quantity of each material supplied by each of the contractors ;
- (iii) the rate at which the contract was sanctioned ; and
- (iv) the amount paid and the amount still due to each contractor for the supply of the above-mentioned materials ?

(b) Will Government state the name or names of the officers who have or had sanctioned the contracts referred to above ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) and (b) Government consider that the time and labour involved in obtaining the information would be incommensurate with the value of the information gained.

REDUCTION IN AGE LIMIT FOR THE INDIAN POLICE

2. THE HONOURABLE MR. P. N. SAPRU : Will Government state—

- (a) whether age limit for the Indian Police Service has been lowered ;
- (b) whether the age limit now fixed is 20 to 22 ;
- (c) the reasons for the change ;
- (d) the date from which the change will take effect ;
- (e) whether due notice of the change was given, and, if so, when ?

THE HONOURABLE MR. E. CONRAN-SMITH : (a) and (b). The answer is in the negative so far as recruitment in England is concerned. As regards the Indian Police examination in India, the age limits have been lowered from 21—24 to 20—22.

(c) The change is expected to improve the quality of recruits as they will be taken at a more impressionable age when they can adapt themselves to the special requirements of the police service.

(d) The minimum age was introduced with effect from the 1939 examination and the maximum age will take effect from the examination to be held this year in September.

(e) Yes. Notice was given in the Home Department Notification No. 20/1/39-Police, dated the 26th January, 1939.

THE HONOURABLE MR. P. N. SAPRU : What changes take effect in 1939 ?

THE HONOURABLE MR. E. CONRAN-SMITH : As I have explained, the minimum age took effect from the 1939 examination, but we postponed the application of the maximum age limit until the examination being held this year, 1940.

THE HONOURABLE MR. HOSSAIN IMAM : What is the minimum and maximum age for England ?

THE HONOURABLE MR. E. CONRAN-SMITH : The minimum and maximum age for England is 19 and 21, respectively.

INDIAN AUDIT AND ACCOUNTS AND COMBINED SERVICES EXAMINATION

3. THE HONOURABLE MR. P. N. SAPRU : (a) What is the number of candidates allowed to sit for the Indian Audit and Accounts and Combined Services examination ?

- (b) Is there any rule limiting the number of candidates ?
- (c) How is the preliminary selection made ?

(d) Is Government aware that in some cases first and second class graduates were eliminated from sitting at the examination while third class graduates were allowed to appear at the examination ?

THE HONOURABLE MR. C. E. JONES : (a) and (b). I would invite the Honourable Member's attention to rule 8 of the rules for the examination, published with the Government of India, Finance Department, Resolution No. F. 15(6)-Ex. II/39, dated the 6th May, 1939.

(c) By the Federal Public Service Commission in accordance with the principles laid down in rule 8 and on inspection of the applications of the candidates.

(d) Yes. To the extent necessitated by the considerations mentioned in part (c) of the reply.

THE HONOURABLE MR. HOSSAIN IMAM : What is the maximum number fixed by that rule to which the Honourable Member refers ?

THE HONOURABLE MR. C. E. JONES : Rule 8 referred to, if I might be allowed to read the rule, says that "The candidates to be admitted to the examination shall be limited to such number, being not less than 200 and not more than 300, as the Commission may fix. If the number of applicants exceeds that limit, in selecting those who shall be admitted to the examination the Commission shall have regard to the suitability of the applicants and to the adequate representation of the various communities and provinces of India".

THE HONOURABLE MR. HOSSAIN IMAM : Is it a fact that every year the number of people who appear is much less than 200 ?

THE HONOURABLE THE PRESIDENT : I cannot allow that. It is a new question altogether.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, it arises out of this fact that the number is limited.

THE HONOURABLE MR. P. N. SAPRU : Is it a fact that members of the minority communities who are second class graduates have not been allowed to appear and members of minority communities who are third class graduates have been allowed to appear ?

THE HONOURABLE THE PRESIDENT : That does not arise out of the answer given by the Honourable Member.

THE HONOURABLE MR. P. N. SAPRU : If you will see part (d), Sir, that is the specific question I have asked.

THE HONOURABLE THE PRESIDENT : Yes, but he is not bound to answer everything you want.

THE HONOURABLE MR. HOSSAIN IMAM : I would invite your attention to the fact that here the subject-matter of the question is whether first and second class graduates were eliminated. I wish to ask if first class M. As. have been eliminated ?

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. Jones) : You can insist on notice if you are not aware of any facts.

[16TH FEB. 1940]

THE HONOURABLE MR. C. E. JONES : I would merely invite attention to the fact that in eliminating candidates the Commission has to pay regard not only to the communities but also to provinces, so that not only the different communities but also the several provinces secure a fair representation in the numbers admitted to the examination. It is therefore possible that qualifications which may secure admission to the examination in one province may not suffice to secure admission to the examination from another province.

THE HONOURABLE MR. P. N. SAPRU : Is that rule with reference to provincial representation also taken into consideration in finally selecting the candidates or in finally assessing the value of the candidates ?

THE HONOURABLE MR. C. E. JONES : I would point out, Sir, that the principles on which the elimination of candidates is made are within the entire discretion of the Public Services Commission and that the Government do not enter into the question at all.

THE HONOURABLE MR. HOSSAIN IMAM : Are the Government prepared to remove the maximum limit of 300 due to the fact that even the minimum number does not appear ?

THE HONOURABLE MR. C. E. JONES : That question is under consideration now.

STATEMENTS, ETC., LAID ON THE TABLE

INSURANCE RULES, 1939

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I lay on the table a copy* of the Insurance Rules, 1939.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member) : Sir, I lay on the table a copy of the Declaration of Exemption under section 6 of the Registration of Foreigners Act, 1939 as published with the Notification of the Government of India in the External Affairs Department No. F. 207-N/39, dated the 12th October, 1939.

REGISTRATION OF FOREIGNERS ACT, 1939

Declaration of Exemption

No. F. 207-N/39, dated the 12th October, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the four undermentioned Officers of the Iraqi Government who are undergoing military training at the Staff College, Quetta :—

- (i) Captain Ghazi Muhammad al Daghistani,
- (ii) Captain Hassan Ali Ghalib,
- (iii) First Lieutenant Abdul Razzaq Hammudi, and
- (iv) First Lieutenant Akram Ahmed.

2. This declaration is valid for so long as the officers named are attached for training to the Staff College, Quetta.

(Sd.) C. A. G. SAVIDGE,

Under Secretary to the Government of India.

*Not printed. Copy placed in the Library of the House.

THE HONOURABLE MR. E. CONRAN-SMITH (Home Secretary) : Sir, I lay on the table copies of the Declarations of Exemption under section 6 of the Registration of Foreigners Act, 1939 as published with the Notifications of the Government of India in the Home Department Nos.—

- (1) 21/68/39-Political (W), dated the 7th October, 1939,
- (2) 21/68/39-Political (W), dated the 9th November, 1939,
- (3) 21/68/II/39-Political (W), dated the 17th November, 1939,
- (4) 21/68/39-Political (W), dated the 18th December, 1939, and
- (5) 21/68/39-Political (W), dated the 2nd February, 1940.

REGISTRATION OF FOREIGNERS, ACT, 1939

Declaration of Exemption

No. 21/68/39-Political (W), dated the 7th October, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following persons, namely :—

- (a) the French Trade Commissioner in India, Burma and Ceylon, Calcutta ;
- (b) the Senior American Trade Commissioner in India, Burma and Ceylon, Calcutta ;
- (c) the Assistant American Trade Commissioner in India, Calcutta ; and
- (d) the Italian Trade Commissioner in India, Bombay.

(Sd.) E. CONRAN-SMITH,

Secretary to the Government of India.

No. 21/68/39-Political (W), dated the 9th November, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the Japanese Resident Officer in India.

(Sd.) H. J. FRAMPTON,

Deputy Secretary to the Government of India.

No. 21/68/II/39-Political (W), dated the 17th November, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following members of the Japanese Delegation who have arrived in India to participate in the Indo-Japanese trade negotiations, namely :—

1. Mr. Kyuhichi Toyoshima.
2. Mr. Rihichiro Abe.
3. Mr. Taiichiro Matsuo.
4. Mr. Katsuzo Shibata.
5. Mr. Shigeru Kawa.

2. This Declaration will remain valid during the period of stay of these persons in India.

(Sd.) H. J. FRAMPTON,

Deputy Secretary to the Government of India

[16TH FEB. 1940]

No. 21/68/39-Political (W), dated the 18th December, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of rule 10(2) of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, the following persons, namely:—

1. The Archbishop of Pondicherry (the Most Reverend Augustine Colas).
2. Dr. (Miss) Ida Sophia Scudder, Head of the Women's Medical Mission, Vellore.
3. Dr. Johannes Frimodt-Moller, Head of the Tuberculosis Sanatorium, Madanapalle.

(Sd.) H. J. FRAMPTON,
Deputy Secretary to the Government of India.

No. 21/68/39-Political (W), dated the 2nd February, 1940.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply, to or in relation to, passengers and visitors who are not foreigners, shall not apply, to or in relation to, the officials attached to foreign Consulates in India mentioned in the annexed list and their families so long as they hold the posts noted against their names.

(Sd.) H. J. FRAMPTON,
Deputy Secretary to the Government of India.

List

1. Mons. Ibrahim El-Dessouky Imam, Secretary of the Consulate General of Egypt at Bombay.
2. Mons. I. S. Dugin, Acting Consular Attaché de Carrière at the Consulate of France at Calcutta.
3. Mons. Jalal Abdul Majeed, Secretary of the Consulate General for Iraq at Bombay.
4. Dr. D. Bocchetto, Chancellor de Carrière at the Consulate General for Italy at Calcutta.
5. Mons. F. Camilli, Acting Chancellor de Carrière at the Consulate General for Italy at Calcutta.
6. Cav. Uff. E. Benasaglio, Secretary of the Consulate General for Italy at Calcutta.
7. Cav. Silvio Marabelli, Chancellerie, Consulate General for Italy at Bombay.
8. Mons. Procolo di Matteo, Secretary of the Consulate General for Italy at Bombay.
9. Mons. Raimondo Stuparich, Consular Agent for Italy at Karachi.
10. Mr. J. Yamamoto, Technical Expert at the Consulate General for Japan at Calcutta.
11. Mr. K. Tachi, Chancellor, Consulate General for Japan at Calcutta.
12. Mr. T. Inui, Chancellor, Consulate General for Japan at Calcutta.
13. Mr. T. Takeuchi, Chancellor, Consulate General for Japan at Calcutta.
14. Mr. M. Hirata, Chancellor, Consulate General for Japan at Calcutta.
15. Mr. K. Utsumi, Chancellor, Consulate General for Japan at Bombay.
16. Dr. T. Lisiecki, Commercial Officer at the Consulate General for Poland at Bombay.
17. Mr. J. Jakimowicz, Commercial Officer at the Consulate General for Poland at Bombay.
18. Mons. P. Ekstrom, Chancellor, Consulate General for Sweden at Calcutta.
19. Mons. Jean Studer, Chancellor, Consulate General for Switzerland at Bombay.
20. Mons. Ernest Wanner, Chancellor, Consulate General for Switzerland at Calcutta.
21. Mr. Don. C. Bliss, attached to the Consulate General for the U. S. A. at Calcutta.
22. Mr. Barry T. Benson, attached to the Consulate General for the U. S. A. at Calcutta.
23. Mr. Hal N. Deaton, attached to the Consulate General for the U. S. A. at Calcutta.

THE HONOURABLE MR. E. CONRAN-SMITH: (Home Secretary) Sir, I lay on the table a copy of the Notification of the Government of India in the Home Department No. F. 21/68/39-Political (W), dated the 7th December, 1939, making certain further amendments in the Declarations published with the Notification of the Government of India in the Home Department, No. 21/32/39-Political, dated the 21st June, 1939.

REGISTRATION OF FOREIGNERS (EXEMPTION) ORDER, 1939

No. 21/68/39-Political (W), dated the 7th December, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to make the following further amendment in the Declarations published with the Notification of the Government of India in the Home Department, No. 21/32/39-Political, dated the 21st June, 1939, namely:—

In the said Declarations—

1. In Declaration 4 for the words "or the Federated Malay States" the words "the Federated Malay States, the Persian Gulf, Makran or Saudi Arabia" shall be substituted.
2. For Declaration 4A the following Declaration shall be substituted, namely:—
"4A. That the provisions of rule 14 of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, any person to whom Declaration 2 or 3 of this Order applies and who is proceeding to, or returning from, the Hedjaz on pilgrimage, when such person is staying at a hotel at a port of departure for, or arrival from, pilgrimage."

(Sd.) H. J. FRAMPTON,
Deputy Secretary to the Government of India.

GOVERNOR GENERAL'S ASSENT TO BILLS

SECRETARY OF THE COUNCIL: Sir, information has been received that His Excellency the Governor General has been pleased to grant his Assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the Simla Session, 1939, namely:—

1. The Indian Census Act, 1939.
2. The Indian Salt (Amendment) Act, 1939.
3. The Code of Civil Procedure (Amendment) Act, 1939.
4. The Indian Tea Cess (Amendment) Act, 1939.
5. The Medical Diplomas Act, 1939.
6. The Indian Tariff (Fourth Amendment) Act, 1939.
7. The Commercial Documents Evidence Act, 1939.
8. The Indian Carriage by Air (Amendment) Act, 1939.
9. The Indian Rubber Control (Amendment) Act, 1939.
10. The Indian Railways (Amendment) Act, 1939.
11. The Repealing and Amending Act, 1939.
12. The Defence of India Act, 1939.
13. The Indian Air Force Volunteer Reserve (Discipline) Act, 1939.
14. The Indian Aircraft (Amendment) Act, 1939.
15. The Panth Piploda Courts (Amendment) Act, 1939.

[16TH FEB. 1940]

16. The Indian Oaths (Amendment) Act, 1939.
17. The Motor Vehicles (Amendment) Act, 1939.
18. The Insurance (Second Amendment) Act, 1939.
19. The Workmen's Compensation (Second Amendment) Act, 1939.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 12th and 15th February, 1940, namely :—

- A Bill to provide for the registration of certain European British subjects.
- A Bill to provide for the imposition of restrictions on foreigners.*
- A Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy.
- A Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be.
- A Bill to consolidate and amend the law relating to Arbitration.
- A Bill to provide for the registration and more effective protection of Trade Marks.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL

THE HONOURABLE THE PRESIDENT : Honourable Members, I have to deliver to you four Messages from His Excellency the Governor General :

RAILWAY BUDGET

"For the purposes of sub-section (1) of section 67A of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint Friday, the 16th February, 1940, for the presentation to the Council of State, and Friday, the 23rd February, 1940, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

New Delhi,
The 31st January, 1940.

(Sd.) LINLITHGOW,
Viceroy and Governor General.

GENERAL BUDGET

"For the purposes of sub-section (1) of section 67A of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint Thursday, the 29th February, 1940, at 5-30 p.m., for the presentation to the Council of State, and statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways.

New Delhi,
The 31st January, 1940.

(Sd.) LINLITHGOW,
Viceroy and Governor General."

"In pursuance of the provisions of sub-section (3) of section 67A as set out in the Ninth Schedule to the Government of India Act, 1935, I hereby direct that the heads of expenditure specified in that sub-section, other than those specified in clause (v) thereof, shall be open to discussion by the Council of State when the budget for the year 1940-41 is under consideration.

(Sd.) LINLITHGOW,
Viceroy and Governor General."

New Delhi,
The 25th January, 1940.

PANEL OF CHAIRMEN

"In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, I, Victor Alexander John, Marquess of Linlithgow, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State:—

In the first place, the Honourable Rai Bahadur Lala Ram Saran Das ; in the second place, the Honourable Sir David Devadoss ; in the third place, the Honourable Sir Ramunni Menon ; and lastly the Honourable Mr. Hossain Imam.

(Sd.) LINLITHGOW,
Viceroy and Governor General."

New Delhi,
The 8th February, 1940.

COMMITTEE ON PETITIONS

THE HONOURABLE THE PRESIDENT : Under Standing Order 76 of the Council of State Standing Orders, I am required at the commencement of each session to constitute a Committee on Petitions consisting of a Chairman and four members. The following members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Raja Charanjit Singh and as members, the Honourable Sir A. P. Patro, the Honourable Sir Ramunni Menon, the Honourable Mr. R. H. Parker and the Honourable Mr. P. N. Sapru.

PRESENTATION OF THE RAILWAY BUDGET FOR 1940-41

THE HONOURABLE THE PRESIDENT : I wanted to make a reference to our late colleague Dr. Sir Nasarvanji Choksy, but as the Railway Budget must be presented in both Houses at one and the same time I shall defer this matter till the next sitting.

I shall now call upon Sir Guthrie Russell to present the Railway Budget (Part I).

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways) : Sir, I have the honour to present the statement of estimated revenue and expenditure of the Governor General in Council in respect of Indian Railways for the year 1940-41. I shall first deal very shortly with the results of 1938-39 ; these are already generally known to Honourable Members. Last February in presenting the revised estimate for 1938-39 I anticipated that we would end the year with a surplus of Rs. 205 lakhs. In the result the surplus only amounted to Rs. 137 lakhs, or Rs. 68 lakhs in defect of our estimate, again showing, as I have pointed out on several occasions, how difficult it is to forecast what may happen in the closing weeks of any year, no matter how careful one may be in estimating. The deficit was mainly due to two causes : we over-estimated our earnings by Rs. 17 lakhs and we under-estimated our working expenses by Rs. 49 lakhs. In addition

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to these two main causes there was a slight addition to the interest charges amounting to about Rs. 2 lakhs, making a total deficit of Rs. 68 lakhs, as already stated. Our earnings were Rs. 94.48 crores, an excess of only .24 per cent. on our original budget and a deficit of .18 per cent. on our revised estimate. The main cause of the increase in working expenses was greater consumption and stocking of coal and more extensive repairs to rolling stock and machinery. The surplus of Rs. 137 lakhs was paid to General Revenues. As the House is aware, under the original Convention relating to the separation of railway from general finance, this surplus, but for the moratorium whereby with the approval of the Legislature railway revenues have been relieved for the present of the liability to repay the loans taken from the Depreciation Fund during the deficit years, would have been placed towards the redemption of the debt to the Depreciation Fund. The actual balance in the Depreciation Fund at the end of this year stood at a little less than Rs. 24½ crores. The nominal balance, including the temporary loans taken from the Depreciation Fund during deficit years, was a little over Rs. 55 crores.

2. When we prepared the budget for 1939-40, though the international situation was by no means free from danger, there was still hope that a world war would be avoided and we framed our budget in this hope. Events have proved us wrong, and today we are in the turmoil of another great war which has entirely upset our calculations. Our revised estimate has had to be based on five months of an uneasy peace and five months of war. Unhappily in the light of present events we feel that, in budgeting for next year, we can proceed only on the assumption that war conditions will continue throughout it. If the Council will bear with me, I should like at this point to indicate briefly what these conditions mean on railways. Though it is a platitude that history repeats itself, I was greatly impressed recently, while perusing our Administration Report for 1915-16, by the striking similarity between the position in the early period of the last war and that existing today. For my present purpose I cannot do better than quote an extract from that report. It reads as follows :—

“ The principal feature of the year as affecting traffic operation has been the transfer from sea to rail routes of the large quantities of coal from the Bihar and Orissa and Bengal coalfields and other commodities which were formerly carried by coastwise steamers between the ports of Calcutta and Madras, Bombay and Karachi.

Soon after the outbreak of War the difficulty of obtaining shipping began to manifest itself, and during the earlier part of the year under review it gradually increased until shipping became unobtainable for coastwise trade, so that during the second half of the year, that is, from October 15, the whole of the traffic had to be carried by railways.

At the same time a fodder famine prevailed over the greater part of Rajputana and the south-east part of the Punjab, rendering it necessary to bring in from the surrounding areas large quantities of fodder for the public at low rates and making a particularly heavy demand on rolling-stock as most of the fodder is unpressed. Though the famine area is served for the most part by metre gauge railways, the congestion experienced over the metre gauge lines reacted on the neighbouring broad gauge railways over which supplies had to be brought in. The additional volume of traffic thus thrown upon the railways is known to have been very much

greater than figures of coastwise coal trade for 1913 would suggest, the reason being that large quantities of coal had to be transported to Bombay on account of Naval and Military requirements, while during the cold weather season demands for railways, factories and other commercial purposes were also unduly large.”

This, Sir, is a very fair picture of what has already happened in India, with this war less than six months old, even down to the famine, though I do not attribute the latter to the war! Admittedly, the shipping position, although it has already affected the capacity of railways, is not yet as serious as depicted; but, as the war goes on, more and more traffic is likely to be thrown on railways and one of the problems ahead of us is to ensure that railways will be in a position to carry this additional traffic. I may say here that it has been estimated that the railways could, with their existing capacity, if the necessity arises, absorb all the coastwise traffic, except coal. If coal has also to be thrown on railways, it will mean an increase of 20 per cent. in ton mileage and very serious restrictions on other traffic. This, as it happens, is a figure very closely allied to the actual results in 1916.

3. From this digression, Sir, I return to the consideration of our revised estimate for 1939-40. In the original budget we provided for an addition of only Rs. 10 lakhs to our gross earnings over our revised estimate for the year 1938-39. During the early months of the year it looked as though we might fall short of even this modest expectation, but shortly before the outbreak of war, our earnings went up considerably and there is a reasonable prospect that this improvement will be maintained. We have also made certain decisions with which I shall deal when I come to the budget for 1940-41, which will affect our earnings for the current financial year and give us an increase of approximately Rs. 30 lakhs. Taking these factors into account, we now place our revised estimate at Rs. 97.30 crores against our budget estimate of Rs. 94.75 crores. As is to be expected with the rise in traffic, our ordinary working expenses have increased, but here another factor has also come into play, namely, an increase on account of the war in the cost of nearly all stores and materials necessary for the maintenance of railways. We now place our revised estimate of working expenses at Rs. 65.35 crores, which exceeds the expenditure of last year by about 1½ crores and our budget estimate by about Rs. 1 crore. In the result, our net traffic receipts, after meeting working expenses and paying our full contribution to the Depreciation Fund, are expected to be Rs. 1½ crores more than last year. Miscellaneous transactions are expected to show a betterment of about Rs. ½ crore, and interest charges will be about Rs. ½ crore less than last year. The surplus of all State-owned Railways is thus estimated to be about Rs. 2½ crores greater than last year, viz., Rs. 3.61 crores against Rs. 1.37 crores last year. This surplus, under the existing arrangements, will be paid as a contribution to general revenues. Despite the improvement over the past few years, this sum falls short by Rs. 90 lakhs of our liability to General Revenues under the Convention. The contribution to the Depreciation Fund will be a little over Rs. 12½ crores, while the expenditure against the fund is estimated at Rs. 7 crores; the actual balance in the fund at the end of the year will thus be increased to about Rs. 30½ crores.

4. Before I go on to the budget estimate for next year, I propose to give the Council some brief details of how we are meeting, and propose to meet, the problems before us, created by the present international situation, and to describe some of our activities during the past year and in prospect. During 1938-39 the capacities of certain railways, especially the East Indian, were

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severely taxed in the busy months of the cold weather. The main reasons for this were shortage of line capacity on certain divisions, shortage of power and shortage of wagons. The Government of India have sanctioned the expenditure of approximately a quarter of a crore to improve line capacity in the Moradabad Division of the East Indian Railway, and further proposals are under consideration which have the same object in view, e.g., the construction of a third line between Ondal and Burdwan. Coal traffic to the west of India was diverted, from its normal route by Agra East Bank, over the Bengal Nagpur and Great Indian Peninsula Railways via Katni. Empties from the North Western Railway were also diverted over the Great Indian Peninsula Railway and the Bengal Nagpur Railway. Additional heavy type goods locomotives are under order and, meanwhile, Railways with suitable spare locomotives have temporarily transferred these to the East Indian Railway. As regards broad gauge wagons we have purchased about 12,200 during the past five years. These have been mainly on renewal account but our carrying capacity has been considerably increased. In addition to this 1,751 are due for delivery in 1940-41. The position this year has been even more acute owing to the war which, so far as our railways are concerned, has involved *inter alia* the diversion of coal traffic from the rail-cum-sea route to the all-rail route, and an increased demand for transport facilities attributable to greater industrial activity and also to a certain extent to speculative buying. Despite the efforts which had already been made to alleviate the situation, it soon became evident that a stricter regulation of the supply of wagons was essential if Railways were to meet the demands placed upon them and to ensure that the available goods stock was utilized to the maximum possible extent. With these objects in view the Government of India have appointed Rai Bahadur N. C. Ghosh as Transport Advisory Officer to assist the two railways principally concerned with coal traffic—the East Indian and Bengal Nagpur Railways—in dealing with demands for wagons. The duty of the Transport Advisory Officer is to keep under constant examination the movements of wagons—and particularly wagons of coal—with a view to ensure that wagons are put to the fullest possible use. He scrutinises indentments for wagons with a view to ensuring that wagons are not supplied for consumers on the priority list maintained by the Coal Wagon Supply Committee in excess of their actual needs and that as large a supply as possible is made available for other consumers. From the reports already received it would appear that the Transport Advisory Officer has already considerably helped the situation, but to secure that the most effective use is made of the available wagons the co-operation of consumers and the coal trade is most important. Government trust that this will be forthcoming.

5. The Railway Board have also, at the instance of the Indian Railway Conference Association, appointed a Committee to go into the question of the better utilization of railway wagons. This Committee, under the Chairmanship of Mr. B. Moody, Chief Operating Superintendent of the North Western Railway, is touring various Railway systems. So far, their report has not been received, but the Railway Board have every hope that, as a result of their investigations, it will be possible to make, normally available for traffic, a considerable number of additional wagons. The main function of the Committee is to see if the turn-round of wagons can be improved. By "turn-round" is meant the time employed from the despatch of a wagon under load to its being ready for another load, and is one of the most important features of railway operation. The shorter the turn-round, the greater the number of wagons available.

6. The older members of this Council may remember that the broad gauge wagon pool was introduced to meet conditions arising out of the last war when the demand for fit wagons exceeded the supply, and it became imperative to make the best possible use of all wagons by removing the then existing restrictions in their use and eliminating unnecessary and wasteful empty haulage. It may be useful briefly to describe what is meant by the expression "Wagon Pool". Each railway owns a number of wagons, the initials of the parent railway being clearly marked on each wagon; a wagon loaded by the owning or parent railway and sent to another railway had, prior to the introduction of the wagon pool, to be returned within a prescribed period to the owning railway, loaded if a load offered, but empty if it did not. It followed that a very considerable amount of empty haulage by returning wagons to parent lines was incurred. Under the Wagon Pool scheme, broadly speaking, a wagon loses its identity and becomes, for the time being, the general property of all railways. It may be used indiscriminately and need only be returned to its parent railway when due for overhaul, the period between overhauls being usually 3 years. The Wagon Pool is normally administered by the Indian Railway Conference Association, the General Secretary of that Association assuming the duties of the Director of Wagon Interchange under the rules framed by the Association. The Wagon Pool extends to all broad gauge railways, and since its introduction, has rendered more and more assistance to Railways in their efforts to ensure efficient operation, and now covers the movement of almost a lakh and a half of wagons. In normal times the powers of the Director of Wagon Interchange, though fairly wide, are subject to certain limits and are circumscribed by the Conference regulations. The Government of India have decided that, in the best interests of national transport *vis-à-vis* those of individual railways, the powers of the Director should be enhanced; giving him greater discretion in the matter of the distribution of wagons between railways, that his orders should be mandatory and that for the duration of the war or until a subsequent decision to the contrary, the Director of Wagon Interchange should derive his authority from, and be subject to, the control of the Railway Board instead of the Indian Railway Conference Association. In view of the success achieved by the broad gauge wagon pool, Government decided to introduce a similar pool for metre gauge railways. This comprises 17 railways of the Northern group and commenced to function from 15th November, 1939. The Southern group does not at present require a pooling arrangement. The direction of the metre gauge pool has been placed in the hands of the Director of Wagon Interchange under the orders of the Railway Board. This involves the control of approximately 50,000 wagons. From the reports which have been received from the Director of Wagon Interchange, I believe that the new arrangements are working smoothly and satisfactorily.

7. There is one other matter which I particularly wish to bring to the notice of the Council before I disclose our budgetary proposals for 1940-41; that is, the question of locomotive building in India. As the result of a promise made last year to the Standing Finance Committee for Railways, the Railway Board appointed two officers to examine, and report on, the prospects of building broad gauge locomotives and boilers in India on an economic basis. This report has been received and will be placed in the hands of Honourable Members at the conclusion of today's proceedings. The officers appointed to make this enquiry were Mr. J. Humphries, Deputy Chief Controller of Standards with the Railway Board, and Mr. Kalyan C. Srinivasan. Mr. Humphries is an officer of the Bengal Nagpur Railway with an extensive knowledge of workshop practice, planning and production. Mr. Srinivasan

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was the Finance Officer attached to the Raven Workshops Committee. He has made a special study of workshop accounts. Their report is a very interesting and encouraging document. Their opinion is that there are no technical difficulties in the way of building locomotives in India. This, of course, we were well aware of, as locomotives have already been built at Ajmere and Jamalpur. But what is of greater importance, they conclude that the provision of a workshop for the manufacture of locomotives can be made a sound financial proposition. They estimate that the requirements of Indian Railways for broad gauge locomotives and boilers for a considerable number of years to come will be sufficient, with a *judicious* spreading of orders, to ensure a steady output from a reasonably-sized workshop. This has been our difficulty in the past. We have been unable to foresee a steady output, and it is of little use building a workshop which only works spasmodically. It can never be an economical proposition. This has been our experience with the Tatanagar Underframe Shops. In the early years it will be necessary to import such parts as copper tube plates, boiler tubes, and super-heater elements from abroad, but, largely through our policy of standardization and the enterprise of Indian industrialists, especially Messrs. Tata and Sons, it should be possible to build the major part of a locomotive in India from materials of Indian manufacture. The report is now under the active consideration of Government. The proposals made involve the re-distribution of our locomotive repairs. The feasibility of this is under investigation. All I can say at the moment is that the recommendations will be examined by Government in the most sympathetic spirit, and should they disclose a sound project, steps will promptly be taken for the provision of funds.

8. I now come to the most important part of today's proceedings—our budget estimate for 1940-41. In introducing the budget for 1939-40, I said that, despite wars and rumours of war, we had decided to assume that traffic would follow much the same lines as in the previous year and that the conditions of that year were likely to continue. This year the war is actually with us and we propose to assume that the conditions of 1940-41 will be much the same as they have been during the past few months, and our budget is based on this assumption. In other words, we expect that our traffic, after making certain allowances which I shall explain later, will be at about the same level as during the current financial year. Unfortunately, with the increase in traffic, there will also be an increase in working expenses, partly due to increased traffic but mainly due to the increased cost of stores and material, both imported and indigenous. This increase is almost certain to be progressive, and allowance must be made for it. Our policy is to avoid any deterioration in war time in our standards of maintenance. It is also necessary to look ahead and, if possible, make some provision for the inevitable slump that follows a great war. Taking these factors into consideration, Government have decided, with effect from 1st March of this year, to increase existing rates and fares as follows:—

Two annas in the rupee on the total freight, including terminals and other such charges, on all consignments of goods traffic, excluding coal, coke, patent fuel, military traffic, railway materials and stores on revenue account, food grains, fodder and manures;

Two annas in the rupee on the total freight of each consignment of coaching traffic other than passenger;

One anna per rupee of fare for all passenger traffic except for fares not exceeding one rupee;

The existing surcharge on coal, coke and patent fuel to be increased from 12½ per cent. with a maximum of Re. 1 per ton to 15 per cent. without a maximum—the rates prevailing in April 1935.

Owing to certain rating complications, it has not been found feasible to impose additions to freights on jute and tea traffic on the Eastern Bengal and Assam Bengal Railways with effect from 1st March, 1940. As soon, however, as the problems connected with these commodities are settled—(this should be within the next few months)—the additions to freight will be imposed. The delay is not of great financial importance as the bulk of the present season's crops has already been moved.

9. I have already explained to Honourable Members the difficulties we have had last year and this year in meeting all the traffic offering during the busy season. The great difficulty in India is that most of our traffic is seasonal and this causes a very uneven distribution. At certain periods of the year, we have no spare wagons whatsoever; at other periods we have a very large number out of use. A very large proportion of the traffic is concentrated between the months of November and March. Last year the Railway Board embarked on a campaign, with the assistance of the coal trade, to encourage consumers of coal to build up their stocks during the slack season and so reduce wagon requirements for coal in the busy season. This campaign has met with a measure of success but not sufficient to ensure an ample supply of wagons for other traffic offering during the winter months. If the situation develops as it did in the last war, a shortage of transport capacity may be a very serious matter, and Government feel that they have a right to ask that all consumers of coal should help by building up stocks in the slack season and, for this reason, have decided only to make the minor increase of coal freight, which I have already announced, for the slack season, but propose to increase the surcharge to 20 per cent. from 1st November, 1940 till 31st March, 1941. Even this additional surcharge is less than the increase to be imposed on other existing rates. It is only 6½ per cent. of the existing scale of rates, but Government recognise that coal is essential for the development of the industry and the well-being of the country.

10. As Honourable Members acquainted with commercial conditions will appreciate, the enhancement in most cases is insignificant, especially when compared with the increase that has already occurred in the price of some important commodities. I may illustrate this by quoting from the East Indian Railway the estimated increase in freight of a few commodities:—

General merchandise	9 pies per maund.
Salt	8 „ „
Sugar	8 „ „
Light merchandise	9 „ „
Fruit and vegetables	2 „ „
Iron and steel wrought	15 „ „
Petrol	4 pies per gallon.
Kerosene oil	3 „ „

As regards passenger fares, with the increase proposed, the cost of third class travel will be unaffected up to about 50 miles.

11. Having explained the assumptions and policy on which we have framed our budget, I now proceed to give in some detail the estimated results. I have already said that we anticipate during the current financial year gross earnings of 97·30 crores. If the improvement of traffic is maintained, as we expect, this will give us another ½th of a crore at current rates. From this

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has to be deducted the earnings of the extra day in 1939-40, which we take at 25 lakhs. We thus arrive at earnings of 97.80 crores. We anticipate that the additions we propose to rates and fares will give us an additional 5½ crores over the current financial year in which the new rates will be in operation for only one month against twelve months in 1940-41. I may say, if it is found that the increase in freights is having a serious effect on the free movement of any particular class of traffic, it may be necessary to reduce the basic rates for the particular commodities concerned to meet the situation. Allowance has been made for this in our calculations. In the result we place our budget estimate of gross earnings at Rs. 103 crores.

12. We expect that our working expenses will be Rs. 1.29 crores higher than in the current year. There will be an increase of Rs. 7 lakhs in the appropriation to the depreciation fund owing to the increase in the capital at charge and an increase of Rs. 1.22 crores in ordinary working expenses. This is mainly due to the estimated increased cost of material which we place at Rs. 92 lakhs. Further, with a view to the avoidance of over-capitalisation, Government have decided, with the approval of the Standing Finance Committee for Railways and the Public Accounts Committee, that for State-managed railways the Rs. 2,000 limit for new minor works should be raised to Rs. 10,000. This means that all such works between Rs. 2,001 and Rs. 10,000 will now be charged to revenue instead of to capital as previously. This will mean an additional debit of Rs. 30 lakhs to working expenses. Government have also decided to set aside a lump sum of Rs. 12 lakhs for certain measures for the benefit of the staff which have been under the consideration of the Government of India but which have had to be postponed for financial reasons. A sum of Rs. 5 lakhs has also been provided for the introduction of the Hours of Employment Regulations on certain company managed railways. The expenditure on coal and freight is expected to rise by about Rs. 15 lakhs owing to an anticipated rise in the price of coal and consumption. These additions and other minor ones will be set off to a small extent by certain anticipated savings, the main one of which is the closing down of the Chola Power House on the Great Indian Peninsula Railway. Miscellaneous receipts are expected to exceed those of this year by Rs. 17 lakhs. We also expect a reduction in interest charges of Rs. 10 lakhs on account of the fall in the interest rate from 4.54 per cent. to 4.45 per cent. If our anticipations are correct, the final result should be a net revenue of Rs. 37.11 crores which, after deducting the interest charges of Rs. 28.82 crores, should give a surplus of Rs. 8.29 crores. This surplus will be divided as follows :—

- Rs. 4 crores 41 lakhs—our contribution to general revenues for 1940-41.
- Rs. 90 lakhs—payment of the deficit in our contribution for 1939-40.
- Rs. 2 crores 98 lakhs—payment into railway reserve.

13. The figures I have given include both commercial and strategic lines. The anticipated loss on strategic lines is Rs. 1.83 crores. The net revenue for commercial lines only is Rs. 37.65 crores, or a net return of 5.2 per cent., which compares very favourably with the results of railway working in other countries of the world.

14. Before I close, I have to make a brief reference to our new works programme for 1939-40 and 1940-41. For 1939-40, we place our total expenditure at Rs. 11½ crores, of which 4½ crores will be charged to capital and the balance to the depreciation fund. This programme includes the construction of the Khadro-Nawabshah railway and the Sind Right Bank Feeders

railways, both projects in Sind. The former has been opened to traffic and the latter is nearing completion. A provision of Rs. 92 lakhs has also been made for the purchase of the South Bihar Railway.

For 1940-41, our programme of expenditure on capital and depreciation fund account is estimated at Rs. 13½ crores, of which Rs. 60 lakhs is for an increase in the stores balances of railways, which is necessitated by the present situation. Provision has also been made for the completion of the Khadro-Nawabshah line and the Sind Right Bank Feeders railways and the purchase of the Hardwar-Dehra Dun Railway, at present owned by a private company, for Rs. 43½ lakhs. The sum allotted for open line works is distributed as follows :—

	Crores.
Track Renewals	5½
Bridges	1
Other structural works	2½
Rolling stock	5

The last item includes 248 lakhs for locomotives and boilers, 126 lakhs for coaching stock and 119 lakhs for wagons.

15. It is my privilege each year in presenting the Railway Budget to take the opportunity of commending to the Council the loyalty and devotion of all grades of railwaymen from the highest to the lowest. With these I couple the names of my colleagues and other officers and staff on the Railway Board. Each year Railways are presented with different problems and means have to be devised to meet each of these. One year there may be a sudden increase of traffic; another year the effects of a worldwide depression on our traffic may have to be dealt with. Today we are in the midst of a world war and there are difficult times ahead; but I have no doubt that our officers and staff will adjust themselves to these and continue to give the same loyal and efficient service as they have done in the past. Railways have already been called on to help in India's war effort, and already 20 of our officers are serving in posts which have a direct connection with the prosecution of the war. There will be further calls on Railways. This will entail further responsibilities and greater burdens for those who are left behind. I, personally, have no doubt that our railwaymen can carry these additional burdens. (Applause.)

THE HONOURABLE THE PRESIDENT: The Council will now adjourn till Thursday, the 22nd instant, at half past two, when the four Bills that were laid on the table today will be discussed. I shall also allow Honourable Members to speak, if they so desire, on the reference to be made to the late Sir Nasarvanji Choksy.

The Council then adjourned till Half Past Two of the Clock on Thursday, the 22nd February, 1940.

COUNCIL OF STATE.

Thursday, 22nd February, 1940.

The Council met in the Council Chamber of the Council House at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: Honourable Members, I am sorry to inform you that the Honourable the Leader of the House is ill and has expressed his regret for being unable to attend the Council today.

SHORT NOTICE QUESTION AND ANSWER.

QUARTERS FOR MEMBERS OF THE INDIAN LEGISLATURE.

4. THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN: (i) Will Government please state how many quarters (built for the Members of the Legislature) are occupied by other than Members?

(ii) Are these quarters not primarily meant for the Members?

(iii) Is it not a fact that several Members of the Central Legislature want quarters but they have not been able to get one?

THE HONOURABLE MR. M. S. A. HYDARI: On the assumption that the question relates to quarters intended for the Honourable Members of this House, the answers are as follows:—

(i) Only three quarters have been allotted to non-members as they were not applied for in time by Members.

(ii) The quarters are meant for Members provided they apply for them in time.

(iii) It is a fact but only as regards such of the Members as did not apply in time or applied for quarters for which there were more than one applicant.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN: Is it a fact that not applying in time bars a Member from applying before the commencement of the session?

THE HONOURABLE MR. M. S. A. HYDARI: That has been the practice so far.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN: Is it not a fact that some of the Members did apply before the commencement and the quarters occupied by the non-members were not vacated for them?

THE HONOURABLE MR. M. S. A. HYDARI: They did not apply for the particular quarter.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : For any quarter.

THE HONOURABLE MR. M. S. A. HYDARI : I think the Honourable Member's information is incorrect.

THE HONOURABLE SIR A. P. PATRO : Is it a fact that 25 rooms are allotted for Members of the Indian Legislature in the Western Court ?

THE HONOURABLE MR. M. S. A. HYDARI : Three for Members of the Council of State and 22 for Members of the Legislative Assembly.

THE HONOURABLE SIR A. P. PATRO : Is it not equitable better arrangements should be made in allotting suites between the Members of the Legislative Assembly and of the Council of State ?

THE HONOURABLE THE PRESIDENT : That is an argument. I do not allow it.

THE HONOURABLE MR. HOSSAIN IMAM : Are Government prepared to consider a more equitable division of the quarters between the Members of the Legislative Assembly and of the Council of State ?

THE HONOURABLE MR. M. S. A. HYDARI : You mean by not increasing the total but handing over some from the Assembly to the Council of State ?

THE HONOURABLE MR. HOSSAIN IMAM : Yes.

THE HONOURABLE MR. M. S. A. HYDARI : Certainly.

MOTION FOR ADJOURNMENT *RE* UNSATISFACTORY ARRANGEMENTS FOR ADMISSION OF CANDIDATES TO THE INDIAN AUDIT AND ACCOUNTS AND COMBINED SERVICES EXAMINATION.

THE HONOURABLE THE PRESIDENT : Honourable Members, I have received notice of an Adjournment Motion from two Honourable Members of this House—a joint application from the Honourable Mr. Hossain Imam and the Honourable Mr. Sapru. The notice reads :—

“ Sir,

We wish to move an Adjournment of the House at a day that may be fixed by you to consider a definite matter of urgent public importance, namely, the unsatisfactory arrangements for admission of candidates to Indian Audit and Accounts and Combined Services examination as revealed by the reply of Government to question No. 3 of 16th February, 1940 ”.

Perhaps it may not be within your recollection as to what question No. 3 was at the last meeting and therefore I will read that question. The Honourable Mr. Sapru asked :—

“ (a) What is the number of candidates allowed to sit for the Indian Audit and Accounts and Combined Services Examination ?

(b) Is there any rule limiting the number of candidates ?

(c) How is the preliminary selection made ?

(d) Is Government aware that in some cases first and second class graduates were eliminated from sitting at the examination while third class graduates were allowed to appear at the examination ? ”

There were a series of supplementary questions asked and the Honourable Mr. Jones answered them all. It is with reference to the answers given by the Honourable Mr. Jones that day that this Motion for Adjournment is sought to be moved. I will first ask the Honourable Mr. Hossain Imam to satisfy me that the matter is of urgent and definite public importance.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, the basis of the Adjournment Motion is not the unsatisfactory reply of the Honourable Member, but his reply has shown the unsatisfactory character of the manner in which people are excluded from appearing at the examination. We were not aware of the exact method by which the elimination was made. Now, the Honourable Member has revealed that the rules have been framed, not by the Government of India, but by the Public Service Commission. Therefore, we wish to discuss the matter in this House in order to bring before Government the grievances which we feel on this action of the Public Service Commission in passing arbitrary rules for eliminating people.

THE HONOURABLE THE PRESIDENT : The Public Service Commission have passed such rules as they think proper ?

THE HONOURABLE MR. HOSSAIN IMAM : The question is not whether they are within their bounds or not. The question is whether it leads to open competition or restricted competition. I would request you, Sir, not to fix the day immediately but to give us time so that I may talk the matter over with the Honourable Member in charge. If possible, we may not move it.

THE HONOURABLE THE PRESIDENT : I cannot allow that. If I hold that the Motion is in order, I shall proceed with the discussion at 4 P.M. this afternoon.

THE HONOURABLE MR. HOSSAIN IMAM : I should be willing to discuss the matter and not to press the Motion if I find that Government are prepared to consider the matter.

THE HONOURABLE THE PRESIDENT : You ought to have done that by now. You had five days. Notice of this Motion was sent five days ago.

THE HONOURABLE MR. HOSSAIN IMAM : Unfortunately, I have come only today. That is my trouble.

THE HONOURABLE THE PRESIDENT : That is not the fault of the House. Have you got anything more to say ?

THE HONOURABLE MR. HOSSAIN IMAM : I have nothing more to say, Sir.

THE HONOURABLE THE PRESIDENT : Assuming that you are correct in your argument, can you tell me how this is a matter of definite and urgent public importance ?

THE HONOURABLE MR. HOSSAIN IMAM : The examination is to be held in September and if anything is to be changed, it must be changed early enough in order to give timely notice to others as well as for making arrangements by the Public Service Commission. It requires very elaborate arrangements and if unrestricted applications are taken that will involve the examination of about 600 persons. So it involves a great deal of trouble and arrangements have to be made accordingly.

THE HONOURABLE THE PRESIDENT: Who informed you that the examinations will be held in September?

THE HONOURABLE MR. HOSSAIN IMAM: That is the usual time.

THE HONOURABLE THE PRESIDENT: You are mistaken. It is very doubtful whether any examination will be held this year at all. I have made inquiries since receiving the notice of Motion for Adjournment and I learn it is unlikely that any examination will take place.

THE HONOURABLE MR. HOSSAIN IMAM: Then the matter is not of urgent public importance.

THE HONOURABLE THE PRESIDENT: Will you tell me if you could not have brought this Motion by way of a Resolution?

THE HONOURABLE MR. HOSSAIN IMAM: There was no time.

THE HONOURABLE THE PRESIDENT: In what way?

THE HONOURABLE MR. HOSSAIN IMAM: I had already booked the 14th and 18th for my resolutions.

THE HONOURABLE THE PRESIDENT: But there are five non-official days.

THE HONOURABLE MR. HOSSAIN IMAM: The time for notice had expired.

THE HONOURABLE THE PRESIDENT: That is very unsatisfactory. This Motion for Adjournment has arisen out of supplementary questions answered by the Honourable Mr. Jones at the last meeting in reply to the questions of the Honourable Mr. Hossain Imam. At that time Mr. Jones laid particular stress on rule 8, which was read to the House and Honourable Members were informed that the action was taken in consonance with rule 8. Now, the question for me to decide is whether this Motion is in order. In the first place, reference is made in the Motion to the unsatisfactory nature of answers given by the Honourable Mr. Jones. Let me tell the Honourable Member immediately that there are a series of rulings both in this House as well as the other House that howsoever unsatisfactory may be an answer, that does not give any Honourable Member a right to move a Motion for Adjournment unless he can show that the subject-matter connected with that has been improperly used and not taken into consideration. I have therefore to see in this connection what has actually happened. In the first instance a Notification was issued, No. F.-25-X-2/38, dated 30th April, 1938, publishing the rules regarding recruitment in the Indian Audit and Accounts Service, the Military Accounts Department and the Indian Railways Accounts Service for general information. Then, again, on the 6th May, 1939, another Notification was published stating that certain rules regulating recruitment to the Indian Audit and Accounts Service, the Imperial Customs Service, Military Accounts Department and the Indian Railways Accounts Service were published for general information. Thus in 1938 and in May, 1939 these rules were published for general information, and the rules were published by the Finance Department, not, as the Honourable Mr. Hossain Imam said a few minutes ago, by the Federal Public Service Commission. The rules are framed by the Government of India.

Now, on the 2nd May, 1939 the Federal Public Service Commission advertised for candidates to apply for the examination. So it clearly appears that in 1938 the rules were published and were re-published in 1939, and the Honourable Member had an opportunity at the last Council session in Simla to bring forward a Resolution in connection therewith. He omitted to do so. Again he did not give any notice of such a Motion this time, though five non-official days have been provided for the discussion of such matters, and the Honourable Member neglected his duty in not framing or giving notice of any Resolution. It clearly appears from this that the matter is not of urgent public importance and the Honourable Member himself did not treat it as of urgent public importance. But I did not allow the matter to rest at this stage. When I received the notice from the Honourable Member, I asked the Finance Department to enlighten me on three points so that I might do justice to this Motion for Adjournment. The queries I put to the Finance Department were these. When did the last examination take place? Secondly, when will the next examination take place? And thirdly, how many examinations take place in the year? The Finance Department replied to the first query, "The last examination commenced on the 16th November, 1939;" to the second, "It has not yet been decided whether an examination is to be held this year"—so my Honourable friend's information that the examination is to take place in September is entirely wrong. The Finance Department went on, "If one is held it will probably be in November, 1940". To my third query they said, "Only one examination is held in a year, though it is not necessary that one must be held every year. It all depends on the number of vacancies to be filled in the services concerned. The rules for the 1939 examination were issued and published in the Gazette of India of the 6th May, 1939". From these answers it is quite clear that the Honourable Member had every opportunity of reading these rules and if he thought that any injustice was being done to any class of candidates he ought to have applied in time for the reconsideration of these rules by Government. Again, I will just read from the ruling given by Sir Shanmukham Chetty:

"In deciding the admissibility of such a Motion he has always to take into consideration the subject-matter with which the question is connected, and if the subject-matter itself is in violation of the rules and standing orders relating to Motions for Adjournment no manner of unsatisfactory answers would make such a Motion in order".

But in this particular case there are other factors to be taken into consideration. In another case also it was decided by the Honourable Sir Shanmukham Chetty, President of the Assembly, that the reference to the unsatisfactory reply in the Motion is only by way of explanation to what follows in the Motion itself, namely, the attitude and policy of Government as disclosed in the Adjournment Motion. (*Vide* Assembly Debates, 12th September, 1933, pages 1388—91; 31st August, 1933, pages 554-55 and 4th September, pages 780—83.) So the Chair has now to decide as to whether an Adjournment Motion for the purpose of censuring Government on their attitude and policy as disclosed in a certain reply is in order under the Standing Order 22.

I think there are ample authorities. I have told you that the mere unsatisfactory nature of answers would not give rise to a Motion for Adjournment. If it did, unsatisfactory in what way? They may be unsatisfactory so far as the Honourable Member is concerned. So far as the Government Member is concerned they are quite satisfactory. Merely because the Honourable Member does not approve of these answers it does not make the answers unsatisfactory in any way. As I have shown, there is plenty of time even now to give notice of a Resolution and to move it; we could discuss this matter, which is an important one, by way of a Resolution; and as he has failed to make out a case, I disallow the Adjournment Motion.

DEATH OF SIR NASARVANJI CHOKSY.

THE HONOURABLE THE PRESIDENT: Honourable Members, we have all heard with great sorrow the sad death of one of our colleagues, Dr. Sir Nasarvanji Choksy, who was a nominated Member of this House for many years and who had not only made many friends in this House but who had shown his capacity and his intimate knowledge of medical and other questions which he pressed before this House and fought out the battles on behalf of his profession as well as in the interests of the general public. The Honourable Member was nominated to the Third Council of State on the 17th December, 1932 and he remained a Member of this Council till the expiry of the life of that Council of State on the 25th October, 1936. It is needless for me to recount at any length the various services he rendered to this House because they are so fresh in the memory of Honourable Members of this Council. In the Bombay Presidency where he had served most of his time he rendered valuable services to Government in connection with the big plague which broke out in Bombay in 1896 and he was in charge of a hospital where at the risk of his life he served the Bombay Presidency so ably and faithfully that his services were rewarded by Government. In other capacities too, he fought for the Indianization of the Public Health Department. His services to Bombay City connected with the several epidemics and research work also distinguished him. He was an active member of the Bombay Corporation and a member of the College of Physicians and Surgeons in Bombay, Joint Honorary Secretary of the King George V Anti-Tuberculosis League, member of the Council of the Consumptive Homes Society, etc. He was also for some time President of the Bombay Medical Union; he was Honorary Secretary of the Sir Leslie Wilson's Hospital Fund; in various capacities he served Government. In this Council too he distinguished himself particularly by his fluent advocacy and vigorous speeches which he made from time to time. I am sure I am expressing the feelings of all of you who are present here when I say that Bombay Presidency has lost a really efficient man and a good medical man and this Council of State has lost, although he was not a sitting Member, one of its ablest and active and vigorous past members. If any Honourable Member desires to speak on this occasion I shall be very pleased to allow him.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-official): Sir, I welcome the opportunity which you have so graciously afforded us on this mournful occasion to make our individual contributions to the common fund of condolence and appreciation. My acquaintance with the late Sir Nasarvanji Choksy was of comparatively short duration, being limited to the last three years of his membership of this Council; but that acquaintance was sufficient to enable me to form a favourable estimate of his personality and to develop a warm regard for him. Sir Nasarvanji impressed me as a man of generous and warm sympathies, with a notable capacity for making friends and keeping them. He took a prominent part in debates in this Council; and though it is possible to hold the view that he might occasionally have ridden his hobby horse a little too far, his perspective was generally right and his sincerity and his disinterestedness and his enthusiasm for any cause which he took up were always beyond doubt. I do not think I need do anything more on this occasion than to join in the well deserved tribute which you have paid in such felicitous terms to the memory of our departed colleague.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I would like to associate the official Members of this House

with the remarks you have made with regard to our late and valued friend, Sir Nasarvanji Choksy. His death is a great loss to this House, and it is also a great loss to India.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-official): Sir, let me pay my tribute of respect to the late Sir Nasarvanji Choksy. Though I had not known him before he became a Member of this Council, I came into intimate contact with him and it was always a pleasure to talk to him. I learnt, Sir, that he did excellent service during the time when plague broke out in Bombay about 1897, and, as you remarked, at the risk of his life he did much good. As a matter of fact it was he who made inoculation popular. Before he undertook that task it was considered that inoculation produced more deaths than the disease itself; but he worked so hard and proved to the hilt that it was not so, that as a matter of fact inoculation was preventive against plague. Sir, in this Council you may remember he was an independent Member, though a nominated Member; it is always thrown at our teeth that we are nominated Members. You may remember that he carried a Resolution against Government in regard to the manufacture and sale of drugs and on every occasion when questions relating to medicine or drugs or his profession came up he very stoutly defended his position and did much good. We all regret the death of Sir Nasarvanji. Though he died full of years and honours, yet we miss him greatly and we are all very grateful to you for giving us this opportunity of paying our tribute of respect to the departed.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, I would like to associate myself and the members of my Group with what you have said and what other Honourable Members have said relating to the late Sir Nasarvanji Choksy. Sir David Devadoss has just reminded us that he carried a Motion against Government—in 1935 I think it was—relating to drugs, and I am sure if he had been here he would have a lot to say about the Drugs Bill. We shall all miss him on that occasion.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Sir, on behalf of my Party I venture to pay my respectful tribute to the memory of the late Sir Nasarvanji Choksy. I had not the good fortune to know him but he was a man of all-India reputation and earned great distinction in his own profession. He was interested in a number of medical questions and perhaps one of the questions in which he took the keenest interest was the employment of Indians in the Indian Medical Service. By his death India has lost a distinguished member of the medical profession.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras: Muhammadan): Sir, on behalf of the members of my Party, I associate myself with the tribute which has been paid to the memory of our late lamented friend Sir Nasarvanji Choksy. Sir, by his death Bombay has lost one of her leading citizens and the medical profession one of its very well known and distinguished members. Sir, Sir Nasarvanji Choksy had very great qualities of head and of heart. It is not necessary for me to make any lengthy reference to them. You, Sir, and the other friends who preceded me have said enough about it. He was a Member of this House for nearly five years and during that time he impressed the House with the great capacity with which he was possessed. There was never any important question of

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[Saiyed Mohamed Padshah Sahib Bahadur.]

medical interest that was mooted in this House to which he did not make a great and a valuable contribution. Again, Sir, by his broad and generous sympathy and by the invariable courtesy which he showed to everyone of his friends here and by his genial disposition he endeared himself to all the Members of the House, both official and non-official, who all feel his loss very much.

THE HONOURABLE RAJA CHARANJIT SINGH (Nominated Non-Official): Sir, I should also like to associate myself with the tribute of respect which has been paid to the memory of our late colleague Sir Nasarvanji Choksy.

REGISTRATION (EMERGENCY POWERS) BILL.

THE HONOURABLE MR. A. DEC. WILLIAMS (Nominated Official): Sir, I move:—

"That the Bill to provide for the registration of certain European British subjects, as passed by the Legislative Assembly, be taken into consideration."

In commending this measure to the Council, I need add very little to what is contained in the Statement of Objects and Reasons appended to the Bill. The sole purpose of the Bill is to enable the maintenance up to date of the register already prepared under Ordinance II of 1939. That Ordinance expires at the end of this month and it is therefore desirable to take the necessary legal cover before then.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Schedules I and II were added to the Bill.

Clauses 3 to 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. DEC. WILLIAMS: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

FOREIGNERS BILL.

THE HONOURABLE MR. E. CONRAN-SMITH (Home Secretary): Sir, I move:

"That the Bill to provide for the imposition of restrictions on foreigners, as passed by the Legislative Assembly, be taken into consideration."

Sir, Honourable Members will recollect that at the last session of the Legislature the Defence of India Ordinance was replaced by the Defence of India Act which contains a section providing for its continuance for the period of the war and for six months thereafter. The Bill now before the House is similarly designed to replace the Foreigners Ordinance by an Act the life of which is also limited to the duration of the war and six months after its conclusion. It will be observed that a clause, namely, clause 15, has been incorporated corresponding to section 21 of the Defence of India Act to provide for the continuing validity of action taken under the expiring Ordinance. The

reasons why Government have preferred recourse to fresh legislation rather than to the Defence of India Rules are explained in the Statement of Objects and Reasons and I believe they need no further elaboration. I may, however, perhaps be permitted to say something about the Ordinance which is now expiring and regarding the circumstances in which it came to be made. Until recently the law relating to foreigners in India has pressed very lightly upon the stranger within our gates and, had not aggressor nations so conducted themselves as to spread throughout the world those principles of fear, distrust and hate on which their own regime is based, there is no strong reason to suppose that the nationals of foreign States would not have continued to enjoy the same absence of irksome restrictions which has characterised the law in India hitherto. As things were, in the months before the outbreak of war Government found themselves inadequately armed to guard against subversive activities on the part of agents of foreign Powers in India and against possible sabotage. In view of the threat of war, the shadow of which had then been hanging over the world for some months past, the Government took steps in good time to assume to themselves power to take precautionary action against potential enemy subjects, and a self-contained enactment in the shape of the Foreigners Ordinance was held ready in draft to be issued as soon as the situation might require. The Ordinance in question was actually issued on the 26th of August, i.e., shortly in advance of the actual outbreak of war and we were thus enabled to initiate precautionary measures and were also in a position to issue immediately on the outbreak of war the Enemy Foreigners Order. I think, therefore, the House will agree that the Ordinance, at the obsequies of which we are now in effect attending, has served its purpose very adequately.

Sir, the Bill now before the House will provide Government with the same powers as the Ordinance, namely, powers to restrict the entry of foreigners into India, to restrict their departure from India and to control their activities while they are in the country. As the Ordinance expires on the 25th of this month and as it has to be replaced before then by legislation, Members will appreciate that the passage of this measure is urgent.

Sir, I move.

The Motion was adopted.

Clauses 2 to 15 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. E. CONRAN-SMITH: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

ROYAL INDIAN NAVY (EXTENSION OF SERVICE) BILL.

THE HONOURABLE MR. A. DEC. WILLIAMS (Nominated Official): Sir, I move:

"That the Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy, as passed by the Legislative Assembly, be taken into consideration."

[Mr. A. deC. Williams.]

At the time when the Indian Marine Act of 1887 was repealed by the Indian Navy (Discipline) Act, that is to say, in 1934, ratings in the Indian Marine were liable to retention in service, in the event of war, for the duration of the war even though their term of service might have expired. But with the repeal of the Indian Marine Act, that liability ceased and it has been found desirable to introduce this legislation to restore it. It is very desirable to retain in the Royal Indian Navy, the more so as it is in process of expansion and is now largely being recruited on a short term basis, such personnel as is experienced as the result of, in some cases, as much as 12 years' continuous service.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. deC. WILLIAMS: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

OFFENCES ON SHIPS AND AIRCRAFT BILL.

THE HONOURABLE MR. E. CONRAN-SMITH (Home Secretary): Sir, I move:

"That the Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be, as passed by the Legislative Assembly, be taken into consideration."

Sir, this Bill is in its origin a corollary to the Act to amend the Indian Aircraft Act, which was passed at the last session of this House in virtue of the power conferred on the Indian Legislature by section 99 of the Government of India Act, 1935, to pass laws having extra-territorial operation. The Indian Aircraft Act as amended has been made applicable to all persons on aircraft registered in British India, wherever they may be. But as the Code of Criminal Procedure now stands, it is defective *vis-a-vis* offences against the Indian Aircraft Act and Rules so far as their extra-territorial application is concerned. It has, therefore, become necessary to amend the Code so that its provisions may be made applicable to the trial by courts in British India of such offences committed by any person, whoever he may be. This amendment is proposed to be made by virtue of the same provision of the Government of India Act, which I have just mentioned as conferring extra-territorial jurisdiction on the Indian Legislature. The effect of the amendment which is proposed to be made at the same time in the Indian Penal Code is to extend the jurisdiction of courts in British India to offences committed extra-territorially against the provisions of that Code by any person while on an aircraft registered in British India. Opportunity has at the same time been taken to make similar provision as regards offences committed on ships registered in British India by any person outside what would otherwise be the jurisdiction of Indian courts.

Sir, I move.

The Motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. E. CONRAN-SMITH: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: The Council will now adjourn till 11 A.M. on Friday, the 23rd February, 1940, when the Railway Budget will be discussed.

The Council then adjourned till Eleven of the Clock on Friday, the 23rd February, 1940.

COUNCIL OF STATE.

Friday, 23rd February, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

NUMBER OF COMMISSIONS GRANTED SINCE THE OUTBREAK OF WAR.

5. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What is the total number of temporary commissions granted in the Indian section of the Army in India since the commencement of the war ?

(b) How many of the temporary officers are (i) pure Indians, (ii) Anglo-Indians and (iii) Britishers ?

THE HONOURABLE MR. A. DEC. WILLIAMS : It is contrary to the public interest to give publicity to the figures asked for by the Honourable Member.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : May I ask whether it is a fact that no secrecy is observed in regard to these matters in England ?

THE HONOURABLE MR. A. DEC. WILLIAMS : The Honourable Member must appreciate that in war time it is not usual to give actual figures in relation to the establishments of His Majesty's forces.

THE HONOURABLE THE PRESIDENT : You can furnish the figures privately to the Honourable Member if he comes to see you, I suppose ?

THE HONOURABLE MR. A. DEC. WILLIAMS : I could tell the Honourable Member, Sir, a great deal more privately than I could tell him in public.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What advantage will the enemy gain if he comes to know the number of commissions granted in India during the last three months ? It is taking secrecy too far.

THE HONOURABLE MR. P. N. SAPRU : Will it not be a source of discouragement to the enemy to find a large number of commissions has been granted, and will the assumption not be that a number of commissions has not been granted to Indians if no reply is laid on the floor of the House ?

THE HONOURABLE THE PRESIDENT : It is for the Government Member to decide what is or what is not in the public interest. I cannot force the Government Member to reply.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : We cannot force the Government Member even to reply to a question, but surely he must make out a reasonable case in favour of his reply ?

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THE HONOURABLE THE PRESIDENT: He says he can give you much more information in private.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: But which part of this question does he think it will not be in the public interest to reply to, part (a) or (b)? The Government have it in their power to refuse to reply to a question but their action is purely arbitrary. It is nothing but *zabardasti* pure and simple to refuse to reply to such a question.

THE HONOURABLE THE PRESIDENT: Does the Honourable Member know that no argument can be advanced at question time. That has been decided times out of number, that questions can only be put but no arguments can be advanced.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, my question is free from all argument. It asks for information which can be very easily supplied.

THE HONOURABLE MR. P. N. SAPRU: Is there an assurance on the part of the Honourable Member that he will supply the information asked for privately to the Honourable Mr. Kunzru or other such Members as may be interested in this question?

THE HONOURABLE MR. A. DEC. WILLIAMS: No, Sir, I cannot give that assurance, but I would endeavour privately to provide proportional figures, not actual figures, if they would be of any assistance.

THE HONOURABLE MR. HOSSAIN IMAM: Is there a substantial of infinitesimal number of temporary commissions in relation to the permanent commissions?

TOTAL STRENGTH OF TROOPS RAISED SINCE THE OUTBREAK OF WAR.

6. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) What is the total strength of the forces raised in India since the commencement of the war?

(b) What are the countries to which Indian troops have been despatched in connection with the war?

THE HONOURABLE MR. A. DEC. WILLIAMS: It is contrary to the public interest to supply the information asked for by the Honourable Member. That is as regards part (a). The reply to part (b) is, Egypt, Malaya, Aden and East Africa. There are also some transport units in France.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is it correct that Reuter has in his messages mentioned the strength of the Indian forces sent to the theatres of war just now mentioned by the Honourable Member?

THE HONOURABLE MR. A. DEC. WILLIAMS: If that is so, I can only say it is contrary to the public interest.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is it a fact that Reuter messages must have been censored?

THE HONOURABLE MR. P. N. SAPRU: What action do the Government propose to take against the Censor who allowed the Reuter messages to go out?

THE HONOURABLE THE PRESIDENT: That is quite a different question. That does not arise out of the reply at all.

STATUS OF HEADMASTERS OF INDIAN HIGH SCHOOLS UNDER THE E.I.R.

7. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: With reference to the answer given by Government to my question No. 39 on the 26th September, 1939, will Government state what steps have been taken by them to implement the assurance given by the Chief Commissioner for Railways on the 23rd March, 1939, that if the Indian schools were of the same size as Oak Grove School their headmasters would belong to the superior service like the Headmaster of Oak Grove School?

THE HONOURABLE SIR GUTHRIE RUSSELL: In consultation with the General Manager, E.I.R., who, I understand, has also consulted the Directors of Public Instruction of the provinces concerned, it has been decided to grant the Headmaster of the Tundla A. V. High School and the Headmaster of the Dinapore H. E. School, E.I.R., honorary gazetted rank, thus placing them on the same footing as the Headmaster of the Boys' School, Oakgrove and the Headmaster, Asansol School.

GENERAL DISCUSSION OF THE RAILWAY BUDGET FOR 1940-41.

THE HONOURABLE THE PRESIDENT: The discussion will now start on the Railway Budget, Part I. I may point out to Honourable Members that I shall not lay down a time limit, but I hope Honourable Members will kindly see that they use their own sound discretion in the matter of occupying time, because I would like to give an opportunity to as many Members of this Council as want to speak on this Budget. If the debate is not concluded earlier, I will call upon the Communications Member to reply at 4 P.M.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I have been asked by the Honourable Communications Member to apologise for his not being present at the commencement of this debate. He is actually occupied in the other House but he expects to be here in about half an hour.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, the Budget which the Honourable Chief Commissioner presented to us dealt with three years. Of the accounts year of which he gave us the actual figures he presented to us a gloomy picture of hopes frustrated. But while his excuse about the reduction in income was quite valid, it does involve a lax control of budgeting that the expenditure should have increased by so much as Rs. 49 lakhs between the 15th of February, when the Budget was presented, and the 31st March. The Budget must have been faulty if in a month and a half there should have been such an enormous increase in expenditure. There was no rise in the takings or increase in traffic carried which could account for this increase in the working expenses of the concluding months. The only excuse that we had not foreseen the rise in price in coal and other things that he has explained does not do away with the fact that the budgeting of the revised figures was faulty.

[Mr. Hossain Imam.]

Now, Sir, I come to the revised figures which he has given and there we find an increase of Rs. 1 crore and 21 lakhs in the ordinary working expenses against a substantial increase in the income. The increase in the income is no doubt due to the effects of the war and to a certain extent the rise in ordinary working expenses are also due to causes over which the Railway Board has no control. In the Explanatory Memorandum, Sir, a note has been given to account for this increase of Rs. 1 crore and 21 lakhs. While I appreciate this note in the Explanatory Memorandum, I cannot overlook the fact that this tendency of rising expenditure is a cumulative and accentuating tendency of four years—I mean, Sir, the year 1936-37 and the year for which the Budget has been presented, the year 1940-41—we find that there has been an increase of Rs. 582 lakhs in the working expenses. In the short period of four years a rise of 12 per cent. in the ordinary working expenses is somewhat staggering. If we would compare the income side, I mean the gross receipts as given in Appendix V A of the Explanatory Memorandum—gross receipts are given at page 31 and the working expenses at page 33—the rise has been from Rs. 48 crores and 16 lakhs to Rs. 53 crores and 93 lakhs. This increase of Rs. 5 crores and 82 lakhs has occurred in such a short period that if this process goes on only in about half a dozen years there would be no surplus left. Sir, I have taken the figure of income for these four years which I have cited. The gross receipt was Rs. 91 crores 79 lakhs in the year 1936-37 and I have the authority of the Chief Commissioner for Railways for stating that the estimated income for the year 1940-41 if additional taxation is not made would be Rs. 97 crores and 80 lakhs. In his speech in paragraph 11, page 13, he mentions that the estimated income for the year 1940-41 if additional taxation is not made would have been Rs. 97 crores and 80 lakhs. There would have been an increase of Rs. 6 crores and 1 lakh in these four years out of which Rs. 5 lakhs and Rs. 82 lakhs are to be additional expenditure. This picture is very gloomy and no amount of explanation can do away with this reality. I find that every increase of expenditure is regarded as abnormal in the year in which it is brought forward before us; but in the next year there is no mention that so much of the expenses were abnormal and they are not likely to occur in the year following. In the year following we only have the comparison of the figure of ordinary and normal expenses coupled with the abnormal expenses and they are taken as the normal expenditure. This rise, Sir, in expenditure is very illustrative in the case of one Railway which is the favourite of the Railway Board and very much near to it. I refer to the N.W.R., under whose jurisdiction we are at the present moment even in this city. I am taking its commercial part—I do not include the strategic lines—in that part we find that in three years for which we could get comparable figures, the year 1936-37, the year 1938-39 and 1939-40—I have not taken the year 1940-41 because the increase due to the rise in rates is not debited; we have not got comparable figures, the comparable figures are only the estimated income for the year 1939-40 and 1936-37—we find that a fall of Rs. 65 lakhs in income is counterbalanced not by the same expenditure, not by a reduction in expenditure, but a rise in expenditure by Rs. 62 lakhs. This is the model railway which is near enough to the Railway Board to be thoroughly examined every time. The gross receipts of this Railway were Rs. 15 crores and 62 lakhs in the year 1936-37 and they are expected to be in the revised estimate Rs. 14 crores and 97 lakhs, a reduction of Rs. 65 lakhs in income, whereas the expenditure side shows that the expenditure is to rise up from Rs. 7 crores 73 lakhs to Rs. 8 crores 35 lakhs, a rise of Rs. 62 lakhs, which means something like 9 per cent. rise for a fall of 7 per cent. This, Sir, is the

condition of the Railways. I do not say, Sir, it is mismanagement, but I do aver that it is lack of control and if this tendency is allowed to remain intact it will land us in a bankruptcy court or it will increase so much the burden on the users of the Railways that they will be compelled to take to other means and leave the Railways. It is that which is causing so much increase in the road competition, the lack of sympathy of the Railways and the higher rates.

Now, Sir, coming to the points mentioned in the Budget Speech of the Honourable Member, I appreciate the effort which he has made to have a more stringent and more comprehensive control of the general service wagon. The House may perhaps remember that last year on the 20th March I moved a Resolution on the subject asking that general service wagons should be pooled into one stock of I.S.R. That has not been done, but a substantial effort has been made to bring about all the advantages of having one pooled stock. An especially welcome feature of this change is that instead of remaining under the control of the Railway Conference Association the Railway Board has boldly come forward and taken the control entirely in its hands. I greatly appreciate this change. Mention has also been made of the Moody Committee which has been appointed to inquire into the better utilisation of the wagons and to expedite the turn-round. This step also, Sir, is a step in the right direction and I hope that when the Report is received it will receive the consideration which it deserves from the Railway Board. Sir, in dealing with the points I cannot overlook the fact that artificial respiration has been given to the B.N.R. and by a conjuring trick it has been made into a solvent institution at the end of 18 years of continuous losses and that has been done at the cost of my railway, the E.I.R. The Honourable the Chief Commissioner on page 5 of his speech has referred to the fact that coal traffic to the west of India was diverted, from its normal route by Agra East Bank, over the B.N.R. and G.I.P.R. via Katni. That is the artificial respiration, the oxygen, that has been given in the last stages to revive it. And when from 1924 onwards in not a single year has it been able to show a positive balance, it is going to show a positive balance this year and consequently the positive balance of the E.I.R. has fallen a little short of what it would have been otherwise. This policy is to be continued in the coming year too. That, Sir, will not mask the fact that it is the most inefficient railway it has been the misfortune of Indian taxpayers to bear the burden of.

Sir, as I live on the E.I.R. I should like to voice some of their troubles and some of their grievances. I am indebted, Sir, to the Honourable the Chief Commissioner for Railways for having given me information about third class passenger seating accommodation on the E.I.R. as well as on all Class I Railways. I am not interested so much in Class I Railways as in the E.I.R. I find, Sir, that, although the number of third class passengers carried has increased by 6.7 per cent., there has been a decrease in the seating accommodation of 5.9 per cent. That has been done, Sir, by reducing the stocks already in service without replacing it. By this means, the capital at charge is reduced and that reduction in capital at charge is eaten up by other favourites who come up for capital expenditure—like bridges, an example of which I shall cite later. My complaint, Sir, is that in season and out of season always there has been a consistent complaint that the third class accommodation is inadequate. The House will understand the implication of what I say when I state that for every first class seat in a year of 365 days we usually carry about 12 passengers in a year. For each second class seat we carry about 82 passengers in a year of 365 days or about one-fourth of it is occupied every day. In the intermediate class you find that there are 170 passengers for each seat available and in the third class there are 610 passengers carried for each seat

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that is available. That figure, Sir, is very chilling. If you consider that many of the trains which carry these passengers are through trains in which the turn round is not more than one in two days or one in three days even, then you can appreciate what huge overcrowding is indicated in these figures. I have also to complain, Sir, that Statements 10 and 12 which give us these figures do not give us the consolidated figures of all classes. We have to hunt up and add up many things and then we come up to this figure in a presentable form.

Sir, the Railways have enough money to spend on schemes which are approved by them or which are acceptable to them, but when it comes to the question of public convenience then they have no money to find. I refer, Sir, to the fact that on the E.I.R. the Government can find enough money to spend Rs. 82 lakhs in remodelling the existing Dufferin Bridge on the Ganges between Benares and Mogulserai. But when we ask for any over-bridge on the railway lines for the convenience of the passengers using the road, we are told that the Government has no money. I refer particularly, Sir, to my own home station, Gaya, where there is such a huge crush that at a distance of less than a furlong there is a very important route passing the railway and yet we have been complaining year in and year out that an over-bridge might be made which would not cost half a lakh of rupees but the Railways have always refused and turned it down because they have no money and this has been done on a railway that has been consistently giving surplus after surplus. And as a public utility service we demand as a matter of right that either its rate should be reduced or more amenities should be given. A public utility service is not a private corporation to be worked for profit and extensive profit amounting to nearly 6 per cent.

I would also, Sir, invite the attention of the Railway Member to the fact that in the E.I.R. there are no cheap return tickets like those the N.W.R. gives between Delhi and Meerut, for instance. A railway which is working at a loss can give more amenities to its passengers than a railway which is earning good money for the Government. I would also request the Honourable Member to consider the possibility of building more ladies' waiting rooms at the stations on the E.I.R. than are at present in existence, especially on the new line which has been acquired by the Government. I refer to the South Bihar Railway and the Hardwar-Dehra-Dun Railway which are the only two Company railways leased out to the E.I.R. They have both been acquired, so the E.I.R. at least is now free from the encumbrance of Company-owned railways. A complaint has been voiced by many of the Calcutta and mufassil people that there is no convenient fast train between Calcutta and Delhi by which a man can arrive in Delhi in the forenoon. This is a very general complaint, although there is a train by which one can arrive from Calcutta at Delhi in the morning, but it involves a journey of 36 hours. That is rather inconvenient in the present days of stress and strain—

THE HONOURABLE MR. P. N. SAPRU : And it is always late.

THE HONOURABLE MR. HOSSAIN IMAM : I would, therefore, request the Honourable the Railway Member to consider the possibility of so changing the timing of the 7-Up Delhi Express as to make it arrive at Delhi in the forenoon instead of the afternoon—

THE HONOURABLE THE PRESIDENT : These are all matters extraneous to the Railway Budget. Will you please confine yourself to the Railway Budget?

THE HONOURABLE MR. HOSSAIN IMAM : This is not extraneous to the Railway Budget. It shows that passengers are desirous of certain changes and I have the authority of the Railway Board in its Administration Report where they say that certain changes have been made already in the timing of trains because a demand has been made for it. The particular instance is given of the Kathiawar Express of the B. B. & C. I. R., the timing of which has been changed due to the demand of the passengers using it.

In the Budget discussion in 1938, I had drawn attention to the fact that terminal taxes are levied by the Railways from its passengers whereas the bus users do not pay the terminal taxes. That fact has not yet been investigated and righted. It is anomalous that when there is enormous bus competition, the Railway should not use its power to impose the tax on bus users or to refuse to collect it for the authorities. If the authorities are not prepared to equalise the position of the Railways with the buses, the Railways can refuse to collect the tax and under the present Government of India Act, I doubt the legality of the Railways collecting these terminal taxes, because they are provincial subjects and Railways are a central authority. That point ought to be looked into.

I would also request the Honourable the Railway Member to consider a special concession for Aligarh students. The present Vice-Chancellor of the Aligarh University, the Honourable Justice Sir Shah Sulaiman, has changed the holiday from Sunday to Friday, with the result that poor students are unable to use the week end concession tickets, because they are issued only on Fridays. If it will be possible for the Railway Board to consider the special case of Aligarh and allow the week end tickets to be issued from Thursday afternoon, it will greatly help the students of the Aligarh University.

I am rather at a disadvantage that I cannot understand fully the speech of the Honourable the Chief Commissioner in paragraph 7 where, in referring to the Locomotive Construction Committee, he says :—

"This has been our difficulty in the past. We have been unable to foresee a steady output, and it is of little use building a workshop which only works spasmodically. It can never be an economical proposition. This has been our experience with the Tetanagar Underframe Shops."

Do we take it that this is a statement of the conditions that were present in the past or is it the present feeling of the Railway Board? If it is the present feeling of the Railway Board, then I am afraid it means that the Committee's Report has to be ditched. If it refers to the past, then I think the Honourable Member should clarify the position and say that that is not the feeling of the Railway Board at the present moment.

Sir, in concluding my speech, I should like to mention one complaint of the service people. The medical graduates in the Railways have been relegated to the position of subordinates. The medical graduates in all the provinces and even in the Government of India are treated as gazetted officers, but it is only in the Railways that they have been relegated to a position analogous to that of sub-assistant surgeons—the medical under-graduates—and they are not treated as officers. I do not claim that they should get a higher pay. The pay is all right. But, by segregating them with the subordinates, they do not get study leave and such other concessions which are admissible to officers. There is no reason for this differentiation, because, now the medical graduates are recognised by the British Medical Council. They should be eligible for promotion to the grade of District Medical Officers. The Government of India have introduced an additional cadre between the D. M. O.—

THE HONOURABLE SIR GUTHRIE RUSSELL: I would like to point out that any sub-assistant surgeon or assistant surgeon is eligible for promotion to D. M. O. if he possesses the necessary qualifications.

THE HONOURABLE MR. HOSSAIN IMAM: You have got an intermediate stage of Assistant Medical Officer and that is eligible only for those possessing English qualifications. That is the practice. I have only referred to this point in passing so that this differentiation may be removed.

Now, Sir, coming to the Budget proposals, the *pièce de résistance* of this Budget, the increase in the rates and fares—

THE HONOURABLE THE PRESIDENT: You are now coming to the most important part of the Budget at the fag end of your speech and after having spoken already for 35 minutes. I cannot allow you to do that. There are many other speakers.

THE HONOURABLE MR. HOSSAIN IMAM: I am not going to dilate on it. I am going to conclude with it. I have only to say this much that the bus competition would have died if it had not been resurrected by means of these two changes which will involve a rise in freight and a rise in passenger fares and give new life to the bus competition.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Mr. President, it is natural that in a debate like this we should concentrate our attention on those aspects of the Budget that are open to criticism. This does not, however, mean that there is nothing in the Budget that we welcome. There are several features in it which deserve our commendation. Two of them have been referred to by my Honourable friend Mr. Hossain Imam. There is another feature of it to which he did not refer but which, I think, requires a little reference here. I am glad that the conventions relating to the hours of employment and weekly rest are going to be extended to all State Railways. I feel that this should have been done long ago, but this does not prevent me from recognising that Government have taken a step forward in this connection in the Budget for the next year. A cognate point is the further extension of the Provident Fund scheme to railway employees. The extension of the scheme to all railway employees would, according to the Communications Member, require the sum of Rs. 72 lakhs. The sum of Rs. 12 lakhs that has been provided in the Budget will, therefore, extend the scheme only to a small part of the workers. It is nevertheless, a matter of pleasure that Government are moving forward in this matter also and that, should railway finances continue to be prosperous, the scheme will be extended before long to all railway employees.

Another point to which I should like to draw attention is the increased emphasis placed by the Railway Board on the need for better treatment of third class passengers. I am glad to notice that the subordinate railway employees are going to be impressed during their period of training and on other occasions that it is their bounden duty, especially in these days, to be civil to and look after the comforts of passengers of that class which furnishes the largest amount of revenue to the railway coffers.

And now, Sir, I pass on to those aspects of the Budget which in my opinion call for adverse criticism. I naturally turn first to the question of rates and fares. Both the Member for Communications and the Chief Commissioner for Railways in defending this increase have broadly said that they must, following the practice of private commercial concerns, try to make hay

while the sun shines. Now I do not know whether this is a principle that is applicable to a State concern, but even granting that it is desirable that in a commercial department like the Railways, even though it is owned by the State, a reserve should be built up against a rainy day, we have to consider what the state of the funds that we already maintain is. We had at one time two reserve funds, the Depreciation Reserve Fund and a general Reserve Fund. The latter was practically exhausted during the period of depression through which we have lately passed. The depression compelled the Railway Board to draw on the Depreciation Fund also. Nevertheless, what we have to bear in mind is that the Depreciation Fund is steadily rising. At the end of 1938-39 I think the Depreciation Fund amounted to about Rs. 24½ crores. At the end of 1940-41 it is expected to amount to about Rs. 36 crores. That is, in about two years it will have increased by nearly Rs. 11 crores. If we go back a year or two further, I think the same state of things will be seen to prevail. I think it would be correct to say that if we take the figures since the year 1937-38, we shall find that we have added to our Depreciation Fund at the rate of about Rs. 5½ crores a year. Now the Wedgwood Committee was quite dissatisfied with the state of our funds and suggested that we should have a balance of about Rs. 30 crores in the Depreciation Reserve Fund. To be more correct, what it said was that a normal balance of Rs. 30 crores would not be excessive. Well, we have passed that figure already. Now the rest of the money, that is the amount above Rs. 30 crores, I suppose can be looked upon either as part of a general reserve fund or as part of an amortisation fund. I am aware that the Wedgwood Committee was not content with laying down, roughly speaking, that the balance of the Depreciation Reserve Fund should not go below Rs. 30 crores. It further recommended that there should be a general reserve fund in the nature of an amortisation fund of about Rs. 50 crores. Well, that recommendation was severely criticised about two years ago, but even accepting it as desirable we see that the rate at which we are advancing, that is the rate at which we are adding to the Depreciation Fund, will enable us to get the Rs. 50 crores that we need in eight or nine years. Where is the need then for having a further depreciation fund, and especially for raising rates and fares in order to add Rs. 3 crores to the general Reserve Fund? It is true that the money that I have pointed out technically belongs to the Depreciation Fund, but technical questions apart, the fact remains that the Railway Board are laying by Rs. 5½ crores every year which are not needed for the purpose of renewals and replacements. It may be said that they might be needed at some future time. Well, the Depreciation Reserve Fund was constituted in the year 1924-25. Since then it has been going on increasing, and but for the depreciation it would have stood at about Rs. 66 crores. Again, the Company lines do not provide a depreciation fund according to the system that has found favour with Government. They just provide for their annual renewals and replacements. Therefore, Sir, my contention is that apart from other considerations and even allowing for the validity of the arguments advanced by the Communications Member and the Chief Commissioner for Railways, there is no justification for the enhancement which has been made in rates and fares. Whatever the state of the railway finances might have been during the period of depression—and not merely railway concerns but States as a whole are not immune from the effects of a general economic debacle—the present condition of the railway finances is certainly not one which should give cause for any anxiety.

THE HONOURABLE THE PRESIDENT: You do not expect depression after the war?

[23RD FEB. 1940]

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Well, Sir, all the State Railways are a part of the State. If the general State suffers naturally the railways will. But if what you have said, Sir, is correct, it means that we should deliberately maintain taxation at a high level in normal times in order that we might have a large reserve to draw upon in times of adversity. If this principle were followed in connection with the General Budget I am certain that no Finance Member would be able to hold his position for a day. My Honourable friend the Communications Member and the Chief Commissioner for Railways can enunciate such a principle and still maintain their position only because they can call the Railway Department a commercial department. What I understand, Sir, from the practice of the commercial concerns is that their turn over increases when there is a large demand for it or that the price of articles goes up when the quantity remains limited but the demand for it goes up. The Railway Board have not put their case on commercial grounds so far as these two aspects of the matter are concerned. But apart from that the Railways are a part of the State and the State can in times of adversity maintain its concerns only at a level of efficiency which the general economic situation allows.

Sir, while I am on this point, I should like to refer to the depreciation funds maintained in the name of the different Railways. I find, Sir, that although several Railways have been showing deficits for a series of years they are in accordance with the table given in Appendix VIII of the Explanatory Memorandum on the Railway Budget able to show substantial sums in their depreciation reserve funds. I should like to know on what principle the depreciation reserve funds for the separate Railways are maintained. In the pink book relating to the B.N.R. it has been specifically stated that the calculations with regard to the depreciation reserve fund do not affect the Company at all. They are for the purpose of the book entries made by Government. If that is so, while you may maintain such entries for accounting purposes in order to be able to see how one railway system compares with another, I do not see how you manage to credit a Railway which has been losing for five, six or ten years with several crores in its depreciation reserve fund? I know that this question has been discussed in the past, but so far as I remember no satisfactory explanation of it has yet been furnished.

Now, Sir, I will pass on to two or three other questions that I wish to deal with rapidly. I am glad, Sir, that the Committee appointed by Government at the instance of the Railway Finance Committee to consider the feasibility of constructing locomotives in India has reported in favour of its practicability. I do not want, Sir, on such an occasion to refer to the unpleasant past, but as Government have not yet made it clear that they are prepared to accept the recommendations of the Committee and to start the manufacture of locomotives forthwith, I am compelled to refer to the position taken up by Government on this question during the last three or four years. When this question was discussed about three or four years ago in the Assembly and it was pointed out that the manufacture of locomotives might become a necessity in a war, Sir Zafrullah Khan said that—

"a large proportion of the materials required for the manufacture of boilers and locomotives would have still to be imported from outside and if you had a factory for the manufacture of boilers and locomotives in India and the contingency to which he referred arose—that is if a war broke out—you will simply have to shut down the factory because you could not get your essential materials."

Now I find that this Committee, to which I have referred, points out that it is essential that the construction of locomotives should be started while the

war is going on both in order to avert a serious shortage of locomotives and to save a considerable amount of public money. Later on, Sir, the subject was discussed again in the Assembly and Sir Thomas Stewart who was at that time Communications Member said:—

"I put it to the House that on the one hand you have the engineer's estimate of 52 locomotives as against the Honourable Member's estimate (i.e., the Mover's estimate) of 250. However impeccable his arithmetic may have been, I myself would come down on the side of the engineers."

And as regards the boilers he said:—

"I have done a certain amount of looking forward and looked forward as far as 1955. Our estimates of boilers in those years are 22 broad gauge and 29 metre gauge."

And what does this Locomotive Committee which sat only two years after Sir Thomas Stewart spoke in the Assembly say on this subject? It says that owing to the method of utilising locomotives that was adopted during the period of depression in accordance with the recommendations of the Wedgwood Committee and other Committees Government will be faced with the necessity of purchasing a large number of locomotives during the years 1940-41 to 1955-56. So large a number of locomotives will have to be replaced in the opinion of the Committee that the annual average for about 16 years will amount to 162. Now, I should like to know, Sir, how the discrepancy between the figures mentioned by Sir Thomas Stewart and the figures given by the Committee can be explained. I do not want to be unfair to the Railway Board. But reading the Report of the Committee and comparing their views with the statements of the representatives of Government in the Assembly during the last two or three years, I suspect that but for the war the manufacture of locomotives would not have been taken up by Government even now. The matter would have continued to be perfunctorily examined and the natural inclination of the Railway Board would have been to postpone the manufacture of locomotives in the country as long as possible. I attribute the discrepancy that I have pointed out to the unwillingness of the Railway Board to enable India to manufacture her own locomotives. I have a strong feeling that the Railway Board have never done what they could to help forward the industrial development of the country.

Sir, just one point more before I sit down. It will be within the recollection of Honourable Members that I discussed last 12 Noon. year the position of Indians in the subordinate grades of the railway services. I expressed the fear at the time that the Government of India were going to raise the minimum monthly remuneration for Anglo-Indians and events have proved it true. My Honourable friend the Chief Commissioner said that he knew nothing about the proposal and that if it were given effect to it would be on the responsibility not of the Railway Board but of the Government of India. Now, I should like to know, Sir, who is responsible for that proposal? I understood the Honourable Member to mean that the Railway Board themselves had not asked that the minimum remuneration for Anglo-Indians should be raised to Rs. 55 per mensem. Then did the Government of India take this action on their own responsibility? Sir, it is hardly conceivable that the Government of India should take action in regard to any particular Department without having a report from the Member in charge of it. It is difficult, therefore, for me to believe that the Government of India took the step that I have drawn attention to on their own responsibility and without any recommendation from the Railway Member. If, however, the record of the Railway Board in this matter is clean

[Pandit Hirday Nath Kunzru.]

and they did not ask that any difference should be made between Anglo-Indian and Indian employees, they should say so plainly in this House so that we may know where the responsibility for the creation of this racial difference lies.

The Government of India stated in their Resolution that so far as the Telegraph Department was concerned no differentiation would be made between Anglo-Indian and Indian employees. Of course, the number of Indians involved was not large. But I am inclined to think, Sir, that the differentiation was not allowed there not merely because the number of Indians was not large but because the Director General of Posts and Telegraphs stood up for his Indian employees and took up a strong position with regard to the undesirability of following two policies in the Telegraph Department—one for Indian employees and the other for Anglo-Indian employees. The Railway Board can ask us to agree to the levy of extra taxation in order to add to their Reserve Fund but when the happiness and self-respect of a large number of railwaymen was involved and the railway revenues could not bear the increased expenditure they could not ask for increased revenues in order to do justice to their Indian employees.

Sir, the attitude of the Government in this connection is highly reprehensible. There is nothing that can justify it. But, Sir, apart from the unjustifiable racial differentiation in the scheme adopted by them, I should like to point out that the figures relating to the employment of Anglo-Indians show absolutely no justification for the step that has been taken. I know that the Government of India defend the action taken by them on the score of the special responsibility thrown upon them in connection with Anglo-Indian employees in certain Departments by section 242 of the Government of India Act. Well, the Government of India issued a Resolution in 1934 regarding the employment of Anglo-Indians in which it was laid down that Anglo-Indians should form 8 per cent. of the total employees in the subordinate services. Now, Sir, taking the total subordinate services into account, I find from the Railway Administration Report, Vol. I, page 172, that about 3,515 vacancies were filled by direct recruitment in the subordinate services. Of these 363 or 10.3 per cent. went to the Anglo-Indians. Similarly, Sir, if we take the subordinate employees excluding inferior servants and labourers, there was an increase of 187 posts and of these 23, or 12.3 per cent., were given to the Anglo-Indians. Where was the necessity then for increasing the salaries of the Anglo-Indians and creating a wholly undesirable and reprehensible distinction between the employees of Government according to their race and colour. I know, Sir, that the increase that has been made in the minimum salary would not afford a permanent advantage to Anglo-Indians. But that is quite a different matter. Government have maintained low rates of salaries for their subordinate services, thus perpetuating a low grade of living throughout a large body of Indian employees and they use that as an argument now in order to maintain the salaries applicable to Indians at the present rates and raise the remuneration for Anglo-Indians simply because having been more favoured in the past in getting better paid employment at the hands of Government, they have become accustomed to a higher standard of living than the poor Indians whose claims were never considered one-quarter as favourably by Government as those of Anglo-Indians.

Sir, these are the main points that I wished to bring forward today. But before I sit down, I should like to mention with regard to the last question

that when I drew the attention of my Honourable friend the Chief Commissioner for Railways to this matter both last year and the year before, he assured me that he would inquire into the matter and find out what reason there was for the disadvantage at which Indians were placed in the matter of employment in the subordinate services. He said last year, on the 23rd March, 1939, with reference to the employment of Anglo-Indians on the B. N. R. and M. & S. M. R. far in excess of the percentages laid down for those lines by Government:—

"I am quite prepared to ask the B. N. R. and M. & S. M. R. why their percentages are so high. In fact, I had intended to do so privately."

I hope my Honourable friend has received adequate replies from the Agents of these lines and that he will be able to tell us today why there is a wide difference between the percentages laid down by Government and the percentage of Anglo-Indians annually recruited by these lines at the present time.

I dealt with another aspect of this matter the year before last. I put a question which referred to the virtual exclusion of Indians from the posts of foreman and assistant foreman in certain departments of the E.I.R. The Chief Commissioner for Railways replied to me as follows on the 1st April, 1938:—

"I am sending a copy of the question to the Agent, E.I.R., to examine the allegations of racial discrimination in the question and to take whatever steps may be necessary to give effect to the policy of Government in the matter."

I hope that he has received a satisfactory reply from the Agent of the E. I. R. and that he will be able to assure us that however deplorable the state of things on the E. I. R. may have been in the past, no discrimination will be made against Indians in future and that they would not be passed over in favour of Anglo-Indians, and would be freely employed in all grades, particularly the higher grades of the subordinate services.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official): Sir, it is very gratifying that the speeches of the Honourable the Railway Member and the Honourable the Chief Commissioner for Railways deal with the railway financial problems with great sympathy and consideration. There are some features of their speeches which require discussion and comment. The first feature of these speeches, which I note, is the opening statement of the Honourable Member that the immediate financial position of the Railways is better than it has been for several years. This has to be noted when we have to discuss and deal with the problem of taxation later on. The revised estimates indicate also that while they budgeted for a surplus of Rs. 213 lakhs, they now anticipate that there will be a surplus of Rs. 361 lakhs. The Honourable Member stated that if this figure is realised, as anticipated, it will be the highest surplus for a decade. It is further to be observed that if the railway rates were to remain at the present level, they anticipate a surplus in 1940-41, of about Rs. 3 crores. This is no doubt sound budgeting. But at the same time the Honourable Member suggested that the railway finances would not be able to meet the other demands that would be made on them and therefore the inference drawn and the second feature suggested is an increase in the rates and freight charges of 6½ per cent. and 12½ per cent. The third feature of the Budget indicated in their speeches is, a hope expressed that India may be self-supporting in the matter of heavy locomotive building.

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[Sir A. P. Patro.]

Now, Sir, it is no doubt an accepted principle that in times of war, Government should have the freedom to raise taxation to meet extraordinary charges and meet emergent conditions. The public ought not to place any difficulties or obstacles in the way of the Government meeting the emergent situation by raising taxation. But the question is, is there such an emergency or necessity as to raise the rates or is there need for such an extraordinary expenditure? Honourable Members will remember that the principle of the Excess Profits Tax is supported on the ground that it is needed to meet the extraordinary expenditure. That does not, however, apply to railway finances. New taxes of all sorts are imposed on the people. The people are already burdened with taxes in the provinces. The several new taxes imposed in the provinces act as a great hardship upon the people—the consumer, the agriculturist and the purchaser. In the districts, taluks and villages, people already suffer from the heavy taxation imposed in the provinces. This addition, as the Chief Commissioner points out, may be very insignificant in comparison with the rise in prices. He therefore thinks that it is only a fleabite and that it does not at all affect the economic condition of the people of the towns. But that is no argument. It should be remembered that prices of commodities have risen. People have to pay a very heavy price for the various commodities. The fact that there is rise in prices and therefore people will be able to bear this small addition in taxation is no justification at all. What is the necessity of raising nearly Rs. 829 lakhs in one year by increase of freights and rates? I observe that there are three reasons given in the speeches of the Honourable Members and I will deal with them and show that they could not make out any good case for fresh taxation in the shape of raising of the rates. In the first place, it is stated that the increased cost of the improvement of stores and materials would necessitate a larger expenditure and therefore we want greater savings and greater revenue. The second reason suggested is that further maintenance provision should be made at any rate to avoid deterioration in maintenance standard and the third reason suggested is that it is necessary to look ahead and if possible to make some provision for the unavoidable slump that follows a great war. I am afraid none of these reasons are sound or economical. The first ground may be justified in the case of unavoidable deficits in the Budget. But, as I pointed out in my opening remarks, there is no deficit in the Budget. On the other hand, the Budget closes with a surplus. Therefore, there is no justification on that ground to raise taxes at present. The second ground is, "Make hay while the sun shines". It is said, "There is a temporary rise in prices; therefore, impose greater burdens on the people with a view to see that this amount is raised". But it is wrong to presume that there will be a slump and depression immediately after the war. I would refer to the experience of the last war. After the last great war what happened in 1923 to 1931? The Railways were worked generally at a profit of about Rs. 5 crores. The depression did not follow immediately. It occurred in 1931 to 1933, and rates and freights were then raised. That depression was not on account of the war, it came long afterwards on account of other economic conditions which intervened in the years between. There was then a necessity to raise the rates but what is the necessity today? Is it the idea that rates should be stable in lean years as well as in fat years? Therefore increase of freights will have an adverse effect on articles to be exported from India in competition with foreign goods. Secondly, it is argued that internal trade also would be considerably affected in the case of commodities which have to travel long distances over the railways from north to south and to the west of India. That there is bound to be a slump

after the war is a presumption which is not based on experience. It is contrary to what happened after the last war. Again, it is suggested that the increase in rates is very small compared with the larger increase in the prices of commodities, and so can easily be borne by the people. This argument I submit does not bear examination for a moment. The addition of a few pices to the price of salt, sugar, vegetables and fruit may seem nothing, but it is forgotten that it is eventually carried on down to the ultimate consumer, the ryot and cultivator, and bears heavily upon him, and it is the effect on this village consumer which has to be considered. Then again, it is forgotten that rise in prices generally may be only temporary. They may come down next month, or, if control is established, rise in prices can be regulated and if they tend to rise abnormally they can be brought down through suitable Government action. Therefore that argument in support of an increase in taxation is not at all sound. It is not contended that it is an economic proposition that a rise in one commodity item should be accompanied with a proportionate increase in another. It must also not be forgotten what the Simon Commission said in this connection. After comparing the rates prevailing in other countries the Simon Commission has strongly recommended the reduction of freight rates in this country. Nothing has been done since. And only the other day in the House of Commons, the Minister for Transport in taking over control of the Railways assured the House that that control would not be utilised for the purpose of increasing the rates. What has happened in India? In 1931—1933, in order to meet the budget deficits, railway rates were increased. They remained at that level after the deficits had been met. And here, once taxation is raised to a certain level the tendency is for it to remain there. Similarly, I understand in 1936 the rates were raised on certain specified commodities, and those have never come down. What is the justification for this? The only thing I find relevant is the statement of the Honourable Member in the concluding paragraph of his speech at page 33 :—

"It is a melancholy fact that the Reserve Fund of this, the largest railway system under one ownership in the world, stands at Rs. 48 lakhs".

That is admittedly less than one per cent. of the capital at charge. Of course it is a very laudable desire that the Reserve Fund should be made up, but it cannot be made up in one year. To raise it from Rs. 48 lakhs to Rs. 348 lakhs in one year is an extraordinary step. I do not think this is a case where you should make hay while the sun shines. Just because it is a prosperous year and there is a rise in prices. That is no justification for this increase at all, and I submit that the reasons which have been advanced for increasing the rates are not at all sound and economic. They have not made out a case in support of that increase.

Then the second point I would refer to is the prospect held out of India becoming self-supporting in the matter of locomotive building. The prospect to me does not seem very rosy. This demand has been pressed by the Indian public from time to time and it never received any response from Government, who have regarded it as uneconomic in view of the cost of supply in proportion to the demand. But the Report says these difficulties could no longer be pleaded and that the requirements of the Railways for a considerable number of years to come will be sufficient. The Honourable the Chief Commissioner said that judicious spreading of the orders would ensure a steady output for reasonably sized workshops. The observations of the Chief Commissioner are very cautious, rather too cautious, to be encouraging. In fact they are not reassuring to me. The Report, he said, is under the consideration of Government. The proposals made involve the redistribution of our locomotive

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repairs; the facilities for this is under investigation. All he can say at the moment is that the recommendation will be examined by the Government in the most sympathetic spirit and should they disclose a sound project steps will promptly be taken for the promotion of funds. I hope this is an assurance. It will be no comfort to India if the hope is deferred or defeated. It may add another cause for the grave unrest and suspicion that is now prevailing in India.

Now, Sir, from these higher subjects I come to a smaller and a provincial one. The Honourable Mr. Hossain Imam has pleaded for Bihar and for his E. I. R. I come, Sir, from the Vizagapatam district. We are in between two Railways; the M. & S. M. R. terminates at Waltair and the B.N.R. begins at Waltair and goes up to Calcutta. Waltair is a very important station and what happens there? The two Express trains come at odd hours, one in the night and the other in the early morning and we have to catch the mail going either to the north or to the south. We have to wait several hours before we can catch the mail. Vizagapatam harbour attracts many people. Jaipur people and Agency people and merchants come from long distances there, and, as I have said, Waltair is an important station. Nevertheless the B.N.R. has not thought fit till now to improve the station and provide amenities for the upper class passengers either at Waltair or at Chicacole Road. Chicacole Road is also an important terminus station from which people go to the interior. All the various products come from Agencies to Chicacole Road station. On account of the difficulties created by the railway, people are taking goods by lorries and by carts to Kalingapatam and ship their goods from there. What is happening in Waltair? There is competition there also. Two years ago people wrote to the Agent of the B.N.R. asking for improvements to be provided at the station for the stay of upper and higher class passengers. In such a big station you have got one upper class waiting room, a little hole, dark, dirty, stinking and smelling—a most abominable place that can be provided by any Railway Administration. I would say it is a shame on the B. N. R. that any such waiting room should be provided for upper class passengers in such an important station as that. Two years ago representations have been made and yet no action has been taken by the B. N. R., except that one or two broken chairs have been replaced. Beyond that no attention has been paid at all to the representation made by the public. What is the B. N. R. for? Is it only to provide facilities and amenities for its own officers and to provide saloons for people to carry on at the expense of the public? We pay for them; they are our servants and yet they do not provide any amenities to us. That is the B. N. R. Administration. Waltair station can easily be improved by providing decent accommodation for first and second class passengers and also two retiring rooms. All that would not cost as estimated by their subordinates more than Rs. 10,000 or Rs. 20,000.

THE HONOURABLE MR. P. N. SAPRU: Is there any third class waiting room?

THE HONOURABLE SIR A. P. PATRO: That is several yards away from the station; that has been provided after considerable agitation about it. A third class shed has been built there.

THE HONOURABLE MR. P. N. SAPRU: And inter?

THE HONOURABLE SIR A. P. PATRO: There is one in the verandah for inter class. A few benches have been placed in the verandah of the station and inter class passengers have to sit on the verandah.

Two retiring rooms could be provided. The refreshment room could be taken up. It was said to me personally that the matter might be considered when the station yard is taken up for readjustment. The station yard was taken up and the thing was done, and a place for a few hours stay between trains, has not been provided, and this is the B.N.R. Administration.

One other matter, Sir, I have to draw attention to is this, namely, the Grand Trunk Express from Madras to Delhi. Honourable Members agree with me about the great inconvenience that upper class passengers are put to. There is one first class coupe and one first class compartment, four seats, two upper berths and two lower berths. This was built perhaps when the Railway was constructed.

THE HONOURABLE SIR DAVID DEVADOSS: Old carriages are put on.

THE HONOURABLE SIR A. P. PATRO: I am corrected by my Honourable friend who says that old carriages are put on this line. Why does this line exist at all if it is not for the facility of passengers and travellers. The other day what happened was this. There was a married couple who occupied the day what happened was this. There was a married couple who occupied the coupe compartment and there was only one compartment available, two lower and two upper berths. Five first class passengers were put into that compartment. I wish high railway officials were put in, six of them into one compartment, and they travel for some hours. Then they will know the difficulties which first class passengers experience. It is scandal that after Rs. 150 have been levied from the passengers that five or six people should be put into that compartment.

THE HONOURABLE MR. P. N. SAPRU: Was there seating accommodation?

THE HONOURABLE SIR A. P. PATRO: I was there; luggage which was paid for—

THE HONOURABLE THE PRESIDENT: Was it day time or night time?

THE HONOURABLE SIR A. P. PATRO: It was day. At night there were four passengers. The berths were very narrow and the space very limited—three to sit on each seat—they had to jostle against each other. First class passengers have to pay Rs. 150 from Madras to Delhi. This is the convenience; these are the amenities provided for upper class passengers from Madras to Delhi. Why is this Trunk Express existing for? I say it is really a scandal. Whichever Railway Administration is responsible, either the M. & S.M.R. or the G.I.P.R., whichever is responsible, they must certainly set this matter right; otherwise let five or six of their officials travel in this. To add to this insult what happened was this. There were two saloons put on the train, there were two railway officials, one officer was coming for an audit conference; two saloons were attached to it. We asked for additional accommodation to be put in and we were told "There are two saloons running; railway officials are going and we could not do it". This is the reply we get when we appeal to the officials on the spot to provide more accommodation because there are more passengers. Such is the attention paid by the railway authorities to the upper class passengers. We have all been complaining hitherto about third class passengers. Now the Railway Board Report, this bulky

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volume, in Chapter IX gives an account of accommodation provided for third class passengers. I do not want to go into details. What I do say is this. Absolutely no convenience is provided for upper class passengers in the Grand Trunk Express. We had five passengers starting from Madras, two of them dropped half way and one came in again in the night. The whole compartment was full. This is the first class arrangement made in the Grand Trunk Express. If any Railway Board Member goes to Waltair, he would at once see what steps should be taken. I think there should be more itinerary on the part of the Railway Board Members to see how things are going on under the various Company-managed railways. Therefore, Sir, in the first place, as I said, no case has been made out for increasing the railway rates. Secondly, the hope that heavy locomotives would be manufactured in India should be given effect to as early as possible. If you delay it and it is deferred and delayed or if any other obstacles are thrown in the way, it will lead to very serious agitation in the country. And thirdly, these railway companies may be advised by the Railway Board to see that proper facilities are provided at the Waltair station and at the Chicacole Road station on the B. N. R. and that improvements of accommodation should be provided on the G.I.P.R. and the Grand Trunk Express.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, before I refer to the details of the Budget before us I would like to start by glancing back over the last ten or twenty years for a moment or two, and if we compare the attitude adopted by the Government of India and those responsible for the Railways in those days with their attitude now, we come to the conclusion that there has been a very great improvement. Honourable Members have been criticising Government for raising fares at this stage and they suggested that it was far better that Government raised the fares and rates in 1931-32 at the time of the slump. Now, I must say that this is very unfair and very unsound criticism. There is no question at all that economically speaking the proper time to raise rates and fares is when there is traffic moving and the worst time possible was the time when it was done on the last occasion.

I look at this Budget through very different-coloured spectacles from those of the Honourable Pandit Kunzru. He even suggested that we were living in normal times. Well now I regard the time as completely abnormal and for that reason I think the programme placed for consideration before us is an extremely sound one. The result of the policy in the early years or the first, say, ten years after the last war was that we ultimately found ourselves without any railway reserves and under the necessity of obtaining more railway revenue at all cost. Now the present position is that we have the prospect of obtaining more revenue and being able to pay our debts and, we hope, of being able to create reserves which we really ought to have been able to create in the past, and it is the lack of these reserves that has caused such tremendous anxiety, of which Mr. Kunzru says we have none.

Then, the Honourable Pandit Kunzru referred to a number of points in connection with the Depreciation Fund. He suggested that it was sufficient to provide each year for your replacements in that year. Well, there are in practice a number of very serious objections to that. I will only mention one in particular and it is that it results so often in very heavy expenditure in one year and very small expenditure in another and that is bad both from the point of view of the railway and from the point of view of general industry and trade. The Honourable Pandit Kunzru also overlooked the very important fact that depreciation is in fact a charge against profits in any year,

regardless of whether that results in a loss or a profit as the final result. He also drew attention to the Wedgwood Committee's suggestion that the Depreciation Fund might be regarded as adequate when it reached about Rs. 30 crores. Well, that may be a sensible statement in a general sort of way but it certainly cannot be a sensible statement permanently, for ever. For instance, your capital employed may go up a lot and the life of your assets might conceivably become a differently estimated period and you certainly cannot regard that as a static figure. And I would also like to impress upon Honourable Members who perhaps have not had to consider these matters in very great detail, the importance of not confusing the actual specific reserve for depreciation with the general reserve. Unless you have started out by making erroneous calculations as to the amount which ought to be put into the Depreciation Fund, there can be no reason to say that there is too much or too little in it and the amount in it is not available for purposes other than that for which the amounts have been provided.

Then I would like to refer to this report about the building of locomotives in India. I find it an extremely interesting and I think constructive document. It appeals to me very much for this particular reason that the writers seem to have taken the attitude—what is the worst that can happen on this issue or on that issue and so on throughout and having taken the worst point against them all through they come to the conclusion that there is a real case for building locomotives in India. Some Members think the fact that there is a real case now is a good reason for saying that Government was wrong in the past. Well, that is not my experience of these things. I find in dealing with matters of this sort that you have continually to watch when to start making things for yourself. There is a time when it pays you to buy over a long series of years, and there is a time when it pays you to make. And my view is that the time has now arrived and I only hope that the Railway Board may come to the same conclusion after a thorough scrutiny.

There is one final point about that Report that I want to make and I think it is very important, though it has been omitted from the report, and it is this, that if you are starting an important industry, perhaps the most important thing is to have the right staff. There should be no question of reasons for appointing the superior staff except efficiency. Nothing else should intervene at all in my opinion, and I hope that as the writers of the report have formed a definite opinion that locomotives can be economically and satisfactorily built in this country they will be consulted as to who should be put in charge of these works.

On the general question of the increased charges proposed, anything I say and I think anything any of us say, must naturally be dependent in the first place upon the General Budget, the figures as disclosed in that. But assuming that the moneys which will be forthcoming on these estimates are required, then I ask myself what is the alternative method of providing them? And I must say that I am driven to the conclusion that any alternative that I could suggest would from my point of view be infinitely worse. I frankly regard these proposals as a statesmanlike way of raising the revenues required in the present very abnormal circumstances. I appreciate the promise made by the Honourable Member to watch the effect of these increases and I think that is a very important thing because sometimes all parties may be losing by an increase, both those who pay and those who receive.

There is only one other point that I want to mention, and that is, the Honourable Member's reference to the question of war allowance and increase in wages in connection with the rise in the cost of living. I have, naturally, had to

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examine this subject myself and the whole of the information which I have had and the whole of the circumstances which I have examined have led me to exactly the same conclusion.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN (United Provinces West : Muhammadan) : Sir, it is customary during the general discussion of the Railway Budget to point out such things which one considers are omissions and ought to be looked into, and as my Honourable friends Mr. Hossain Imam and Pandit Kunzru have said, those criticisms do not mean that there is defect in the Budget on other things. There are many points in the Budget which have to be appreciated, but there are others to which one feels that the attention of the House should be drawn.

There is one thing which it is difficult for a layman like me to understand about railway policy and that is, why in certain matters of common interest, which affect the public at large, there is no uniformity of policy in connection with the passenger traffic among the State Railways. Take, for instance, the E.I.R. and the N.W.R. They have return tickets at concessional rates. Why can't the G.I.P.R. have the same? When the principle, whether right or wrong, is followed on certain railways? Does it mean that the people served by the G.I.P.R. are fond of travelling or do not want this amenity? It is really difficult to understand why there should not be uniformity of policy in these matters. On the other hand, the G. I. P. R. have got a system of zone tickets or travel-as-you-like tickets, which we have not got on the E.I.R. Apart from this, even in the matter of providing accommodation on the trains, we find that a uniform policy is not adopted on all the railways. For instance, on the G.I.P.R., B.B.&C.I.R., and N.W.R., you have in the second class compartments pull-out berths. Why they have not these on the E.I.R. it is very difficult to understand. In spite of repeated attention being drawn to it, why can't they provide these? It does no credit to the person who is in charge of the construction of the coaches. Not only are there no seats which could be drawn, but they have put in a sort of pillow-like thing which takes about six inches of the width of the seat, and for a person like me, who may have to sleep at night in one of those compartments, at every jolting there is a fear of rolling down on the floor. There are other things in which they could have a uniform policy in the matter of amenities, but they pay no attention to it. There may be some good reasons for it, but I would like very much that these things should be examined and a uniform policy followed.

As regards the increase in rates and fares, the Honourable Members who have just spoken have said a good deal about it and I entirely agree with them. When Government are taking steps in these abnormal times to put a limit to the rise in prices, I cannot see why an increase in railway rates and fares should be advocated by the Railways. I do not wish to repeat the arguments already adduced against the rise in the rates and fares. The Budget is as sound as it could be. The prices of everything are as high as they could be under the circumstances of today. The burden always falls on the poor who have to pay higher prices in other respects also. Probably 70 per cent. of our recommendations and protests go unheeded and this also might share the same fate, but I would like to urge one thing, namely, that while you raise the fares, you ought at least to introduce for the benefit of the poor return tickets in third class at concessional rates, as you have for the upper classes. That will relieve to some extent the hardships of those who have to travel off and on and who are poor, and cannot pay the excess rates.

Another matter to which I would like to draw attention, and which is of considerable importance, is the policy of catering. In this connection, it has been recently brought to my notice that the E.I.R. is adopting a policy of giving contracts on the whole line to one particular person—not only of the refreshment rooms but also of the small vendors like people who sell *puris* and sweetmeats. It is proposed to give this contract also to the one man who takes the contract of the refreshment rooms.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is quite true.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : What would be a worse type of capitalism, or monopoly? These small vendors have been practically living, in some cases for generations, on serving the railway and in providing the passengers with these small things. They would all be turned out and that is the unfairer thing that could possibly be done.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : It is being done on the G.I.P.R. also.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : It is being done on the E.I.R. The question of catering is a very, very important one from many points of view. India is not only as big as a continent, but it is populated by people of so many religions, culture and taste. The sort of food which is required in Madras may not be very suitable to the taste of people who are living in the Punjab or the United Provinces. It has to be borne in mind while giving contracts to caterers that suitable arrangements should be made according to what people desire in a particular area. Now this is a question which involves catering for Hindus and Muslims, some of whom cannot take food cooked by a man of another community. I remember, I drew attention last year to the case of the Grand Trunk Express in which it was admitted by the manager that *jhatka* meat was used on the refreshment car which goes from Delhi to Ballarshah. Now that is most serious. Everybody knows that many Hindus do not and cannot take food which is cooked by Muslims, and most of the Shias among Muslims cannot and do not take food which is cooked by Hindus. I do sincerely hope that the Administration while considering the question of catering will see to it that, where there is only one refreshment room on a station, whether the contract is given to a Hindu or Muslim he should have regard for providing both the communities, that is, he should have both a Muslim cook and a Hindu cook. That should be done wherever there is only one refreshment room, and very often there is only one such room at important stations, at Benares for instance. Similarly at Allahabad and at many other places where probably two refreshment rooms are not required. That principle should always be kept in view when giving contracts for the catering.

I am very glad the railway administration have accepted the position that the Railway Department does not want to make a profit out of the catering. There has been a good deal of complaint on the N.W.R. as to the taxation of these contractors and about the rents they have to pay. In some cases it cannot be doubted that the rent was most exorbitant and it was not possible for the contractor to keep up to the standard which is demanded by the railway and the public who use the refreshment rooms. Therefore I would like that all these aspects should be considered and grievances where they exist should be removed.

[Haji Syed Muhammad Husain.]

There is another point to which I should like to refer and that is the indifference of the Railway Administration to the demands of the public, whether made through the press or by other means. I will give an ordinary instance which can be tried by the Honourable Chief Commissioner himself, if he will go to the Delhi railway station and try to go up to the retiring or refreshment or waiting rooms, he will find that he has to climb about 150 steps. The lift is there, but the lift is closed from 11 A.M. till about 6 or 7 P.M. The waiting and refreshment rooms are on the top storey, and it is not convenient for the passengers to walk up and down, and it is particularly troublesome in the case of ladies and invalids. It is most inconvenient that the lift should be closed at any time, except between 11 o'clock in the night and 6 in the morning. The fact is, Sir, that in all these matters, whatever is thought by the Department to be good is good but what is thought to be needed by the public is not needed. The attention of the officials responsible has been repeatedly drawn to the fact that a booking office is an absolute necessity on the north side of Allahabad railway station. I think about 24 or 25 years ago there used to be a booking office on that side, and in those days most of the population living in the civil lines on that side was European. Since then, however, though the population, particularly the Indian population, has increased to such an extent that scarcely a single bungalow is vacant and though about half the population of Allahabad now lives on the north of the railway, and yet the railway has not thought it necessary to instal a booking office on the north side. Now most of the trains at Allahabad are received on what is called the island platform, and for passengers coming from the north side this means that they have to cross the overbridge with their luggage to the south side of the station, there purchase their tickets and book their luggage, and then return with their impedimenta across the overbridge again to the island platform. If one was to ask any resident of the north side of Allahabad he would say that a booking office was badly needed on that side of the station. I cannot say what are the sources of information of the Railway Department who say that such a booking office is not needed. They just make these arbitrary decisions without troubling about facts or figures. Cases of this kind crop up everywhere. Money is spent only on the things which the Department considers necessary or imagines to be necessary for the efficient running of trains, but so far as the comfort of the passengers is concerned it is with the greatest difficulty that they take a sympathetic attitude. Therefore I would ask that in considering the question of public comfort the voice of the public should be heeded more often than it is not.

In conclusion I do consider that on the whole the points which have been shown in the Budget are good points. I would conclude with one more remark. It is with reference to the attitude of the officials towards the advisory committees on various railways, particularly on the E.I.R. I find that their attitude is that these committees are composed of obstructionists. I think that their opinion ought to be treated with greater weight. Almost every suggestion they make is objected to by the Administration, either there is no money or the matter does not come within the purview of the powers of the committee and the matter is shelved. Some matters in the local advisory committees have been pending for more than two years. Either do not have these advisory committees at all, but if you do have them, it is no good giving the impression to the public that we have got your representatives to advise the railways and yet when they advise you do not listen to them in many cases. Of course it is not my wish nor intention to ask the Railway Department to

give executive powers to the members of the advisory committee, but what I do ask is that their opinion and voice should be given a little more weight than is given at present and the members should not be considered to be obstructive or in any way hostile to the Department, and they should be more sympathetically treated.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, before I deal with the Budget I should like to mention that the unanimous viewpoint of the Indian non-official public seems to be that this Budget was received with an unpleasant shock by the people who are already carrying heavy burdens and cannot justifiably bear additional demands from that quarter. Sir, the Honourable Mr. Parker observed that the right time for increasing the rates is when the traffic is moving fast. I think, Sir, the Honourable Mr. Parker is not aware of the British policy in England as regards rise in rates and fares on railways in this period of war. For his information—I am thankful to the Honourable Mr. Parker who has been good enough to come back here to hear my criticisms of his remarks—I may say that the Minister of Transport assured the Members of the House of Commons that his Government would not use control of the railways to impose higher charges on the public. He clearly announced that charges would be increased only on account of increased wages and price of materials or on account of any serious difficulties due to war conditions. He also gave an emphatic assurance that such increase would have to be justified to Parliament. Let us now look to that picture in India. I cannot understand why the British policy in England in this respect differs from that of the British policy in India? What I understand is that this rise in rates and fares, particularly in freights, will strangle the development of commerce and industry and equally affect the poor as well. The Honourable the Communications Member has not given us the reasons why this extra increase in rates is presently justified. He himself admits, Sir,—I quote from the speech of the Honourable Sir Andrew Clow admitting that the present financial position is better than it has been for many years as far as the Railways are concerned. That even earnings in 1939-40 show an improvement of Rs. 255 lakhs over the original estimate. Hopes are entertained of a surplus of Rs. 361 lakhs. If these anticipations are realised—there is every reason for them to be realised—the surplus will be the highest that has accrued for a decade.

Sir, the impression in certain quarters is that Government does not really want to advance the industries in India and whenever an opportunity arises measures are taken to discourage them. Sir, this is not the time to raise the rates. What do the British shareholders in Company railways in India think? They say that for the depression years 1930—1939 their profits have exceeded 4 per cent. The Bank rate in England in these days is 2 per cent. When Company-managed railways in India are getting a return of over 4 per cent., where is the justification for them to raise freights and fares? The Government's State Railways are also making a good profit and the Honourable the Communications Member expects a good surplus of Rs. 361 lakhs in the coming year, the highest accrued for a decade. Why should there be this rise in rates and freights? Industrialists and agriculturists are just beginning to recover from the great economic depression that they had for the last 10 years. Sir, so it is unjust on the part of the Government to come by the backdoor to thus increase taxation which is likely to give a surplus of Rs. 829 lakhs. I think Sir, the constitution requires an amendment that no additions to such taxation should be thus made by the backdoor. This is quite a novel procedure to

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deprive the Legislature of their right on such increase in taxation. I think it is a right and justified demand of the public that any increase in rates on Railways ought to be justified and at least the Chambers of Commerce and other institutions connected with commerce and industry should be consulted before final action is taken.

I must, Sir, congratulate the Honourable the Communications Member and the Honourable the Chief Commissioner for Railways for fulfilling the Government pledge which was made by the Honourable Sir Muhammad Zafrulla Khan, in appointing an Indian as a General Manager on the E.B.R. This has been received by the public with satisfaction and appreciation. I also, Sir, welcome the intention of the Government to start making locomotives in India. My experience in the past has been that sometimes such reports which are very rosy and when the time for action comes we find that they are shelved for good. I would like the Honourable the Communications Member to kindly say whether Government means to carry out this manufacture or not. Therefore I request the Honourable the Communications Member to throw some light as to what the decision of the Government of India is on the carrying out of the project of making locomotives in India. I am glad to see that ticketless travel on the Railways is decreasing and that the appointment of special ticket examiners has justified itself. I travel on an average about 3,000 miles a month and so I come into contact with various things which are going on on the Railway, things good as well as bad. My experience on the N.W.R. is that the staff of the Delhi Division in particular has done very well in this respect and they have been more vigilant, strict and hard-working than the other divisions on the N.W.R.

Sir, the Railway wants a Reserve Fund of Rs. 298 lakhs for this year by this increase in freights and fares. To expect that big sum in one year, I think, is not only objectionable but unjustified in the present economic condition of the country. Then, Sir, I come to the amenities which so far the railway authorities have provided on various railways. Thanks to the competitive bus traffic certain improvements have been made but how far they have been made is questionable. I would mention, Sir, a few points in which though action has been taken to a certain extent more action is urgently required. My information is, Sir, that out of the Rs. 31 crores of income from passenger fares, Rs. 27 crores come out of the pockets of the third class passengers. In view of that huge sum coming from third class passengers, the people expect that more amenities will be given to third class which gives Railways the biggest income of all the other classes you have. What are the chief grievances of third class passengers which require increased and serious attention? First, overcrowding to the extent at times of double and more than double the number of the carrying capacity. Secondly, the inaccessibility and insanitary condition of latrines in third class carriages for long distance journeys. Thirdly, inadequate waiting sheds and raised platforms. Sir, I would say that the latrine accommodation in third class carriages is not developing fast enough, while it does not exist on certain railways at all. For that, Sir, I will give some figures in support of my contention. Now, Sir, I will give the percentages of vehicles provided with latrine accommodation on third class and composite carriages in each railway system. Sir, I find here that on certain Railways there is practically very little latrine accommodation. I do not want to go into all the percentages* of statements of the latrine accommodation for third class passengers on various Railways. Well, Sir, as far as the big Railways are concerned,

* See pages 75-76 at end of these proceedings.

on the E.B.R. in the 2' 6" gauge, no third class coaching stock is fitted with latrines. On the S.I.R. 2' 6" gauge the total percentage is 31.

Then, Sir, I come to the question which the Honourable Mr. Muhammad Husain has raised as regards the monopoly of vending contracts, particularly those connected with food supply. I must say, Sir, that the policy of certain Railways seems to be to give the monopoly of many stations to one contractor.

THE HONOURABLE THE PRESIDENT : Are these contractors allowed to sublet?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : As far as the conditions of the contract are concerned, they are not allowed to sublet but I know that at certain stations the contracts are sublet. But as far as the refreshment rooms are concerned, they are generally run by those who are given those contracts. Then, Sir, as the Honourable Mr. Muhammad Husain has pointed out, I would say that competition among refreshment contractors as well as others ought to be encouraged. Giving of the refreshment rooms of many stations to one contractor is not a satisfactory arrangement at all. During my travels to Bombay, which I do several times a year, I was noticing a great improvement at the Jhansi railway station as far as the Hindu railway refreshment room was concerned. Now, my information is that that contract is going to somebody else and that somebody is to be practically the monopolist of the Indian refreshment rooms on the G.I.P.R.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is quite true.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I am glad that my information is correct. I am also able to state that the present contractor having proved his sterling worth and capacity at catering private functions at Jhansi was entrusted with catering of the garden party recently given by the local gentry to His Excellency the Governor of the United Provinces in preference to the previous well known caterer hitherto imported from an outstation and which he (Sahni) carried out with full success. The civil authorities and the travelling public and the gentry of Jhansi have thus naturally held that that man did efficiently. Yet he is going to be kicked out. And he is being kicked out simply because this contract is to be given to the monopolist. Sir, action of this kind is not to the interest of the travelling public and I would therefore request the Chief Commissioner as well as the Honourable the Communications Member not to give a monopoly in this sense because it is mainly the competition of one contractor with another that improves the quality of the food supplies.

Then, Sir, I come to the question of third class waiting halls for ladies. In these days, Sir, when the third class traffic among ladies is improving fast, the old conditions ought not to continue. There must be at every important station a separate waiting room for the ladies in the interests of their safety and in the interests of their convenience. When I go through the list of the stations that have got separate waiting rooms for ladies I feel very disappointed. Sir, I will place the statistics* which I have collected on the table of this House which will prove that the accommodation is very inadequate and requires to be increased on Railways, rather I should say on most Railways there are no separate waiting halls for ladies at all. As far as the waiting sheds for the general travelling public are concerned, I find that at roadside stations when the train passes at night, all the lights are extinguished because the station

* See page 77 at end of these proceedings.

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masters want to show saving in oil. That, Sir, is a wrong policy. In the Punjab, I know, Sir, lots of thefts take place in the dark and passengers who have to come from rural places come there early so that they may not be looted *en route*. It is very sad for me to say that the conditions in rural areas, as far as safety is concerned, are going from bad to worse. However, that is not a railway matter. That is a matter for the civil authorities to mend. But, as far as safety on the railway premises is concerned, it is essential that lights in the third class waiting halls should be allowed for the whole night and should not be extinguished when the trains pass.

I have several times repeated that the loss on strategic railways should be debited to the Defence Department. This, I repeat again, though I know that no action will be taken as usual. But it is my duty to point out that the loss of Rs. 190 lakhs, which I consider is the loss for the last year, ought to be debited to the Defence Department, because it is right that all the defence expenditure ought to be consolidated. It is all right to say that, after all, every one knows that so much has been the loss on the working of the strategic railways. But, Sir, why should this loss not be added to the Defence budget for true accounting?

I find that the 5½ per cent. loan for Railways continues. I would very much like the Honourable the Communications Member to explain why Government have not converted that loan to the present low rate of interest. That is very essential and the sooner the loan is converted the better, because that will result in improving the railway returns.

My Honourable friend Sir A. P. Patro has observed the difficulties even of first class passengers. I here generally advocate the cause of third class passengers who cannot make their grouse heard by the higher authorities. The first class passengers can, on various occasions, put their grouse before the authorities, but what is the plight of the third class passenger? On the N.W.R. I can say that whenever there is a rush, additional upper class carriages are provided, but on the Grand Trunk Express, where several lines are concerned, where there are three or four railways concerned, none looks after the interests of the passengers whom they are carrying. However, I consider that the Honourable Sir A. P. Patro is justified in his demand and that the convenience of one railway officer should not result in inconvenience to dozens of other first class passengers who for the sake of one railway officer should never be deprived of their comforts in the train. As far as the poor subordinate railway officers are concerned, their passes are endorsed as not available by mail trains. Anyhow, I think it is the mistake of the officer concerned, if I may say so with due deference, when one whose duty it is to safeguard the comforts of the travelling public, should not prefer his own comfort to those of the passengers. I think that the officer who got the saloon attached to the Trunk Express ought to be blamed himself for wrong discretion he took.

Then I come to the reduction in the salaries and allowances of certain staff which, on the public demand, the railway authorities were made to accede to. I take two lines for the present. One is the scale of salaries and allowances for journeymen. Hitherto their salary was Rs. 100 a month. Journeymen are those technical people who qualify themselves from the technical colleges and join the workshops. When the Railways realised that a number of men were coming forth on the technical side, the scales of salaries and allowances were reduced to Rs. 75 a month. Now I think it is Rs. 60. In case I am wrong, the

Honourable the Chief Commissioner will, I hope, put me right. That on the face of it is wrong in principle. In my speech last year on the Budget I observed that several foremen were being imported from Britain and that certain Indians who were then officiating as foremen, although they were very few on each line, were going to be put back. That has happened since and some people from England have come and joined. That is not Indianization. That is not the policy which Government promised to carry out. Therefore I urge that Indianization has not been carried out to the extent of the wishes of the public, and the percentages are not encouraging enough. I state that so far as the State-managed railways are concerned, while the percentage of non-Indians was 70.59 in 1925, it has come down to 45.01 in 1939, while on Company-managed railways, it has come down from 82.26 to 51. So, out of the total in 1925, the percentage of non-Indian was 75.69 and in 1939, 47.70. That is not in consonance with the policy of Indianization declared by the Government. I wish the Honourable the Railway Member and the Honourable the Chief Commissioner will bear this point in mind and will remedy this. As regards Indianization among the senior grade drivers, there is not a single Indian in the Howrah Division on E.I.R. There is an anomaly that Anglo-Indians are treated as Indians and that is confusing when we take up the various statements as regards Indianization. Anglo-Indians sometimes claim themselves to be Europeans when they want to have their advantages, and they become Indians when it so suits them. That dubious position ought to be removed. They must take one side, either Europeans or Indians, and if they are Indians, they should be treated similar to Indians in all respects. Their requirements and their mode of living do not differ very much from those of Indians.

The differential treatment accorded to Anglo-Indians as compared to Indians is resented by the public. I find that certain Anglo-Indians who are not normally eligible for appointment in the army or entitled to certain allowances are allowed those advantages but in the case of Indians in the same grade and in the same place who offer themselves, they are refused. In times of war it is not wise for the Government to create that sort of differentiation, because that creates heartburning. Communal proposition is a very vexatious question. I am not dealing with that now, because it is now the settled policy of the Government. But I notice that sometimes even the General Managers of Railways are not trusted with keeping communal proportions. I read in the papers some time back there was an independent inquiry Committee appointed to verify and improve Muslim proportion on the E.I.R., the E.B.R., and perhaps on other railways, and the people think that in such inquiries the General Managers are not consulted and some sort of attempt is made to satisfy the feelings of one community over those of the other for obvious reasons.

Then, Sir, I come to the question of the rights and privileges of retired railway servants, particularly those in the subordinate service. Some consideration should be shown to these people in the matter of the employment of their sons on the railways. If a man has efficiently served for 30 or 35 years it is not right just because his son fails to get into the first division of the matriculation, missing it perhaps by only a few marks, he should not be considered at all for service. Then, Sir, the present education and other factors have raised the standard of living of all classes, but in certain services on the railways there is a great hardship, for instance, among the station commercial clerks. My information is that 90 per cent. of these clerks retire before they reach the pay of Rs. 60. Therefore I appeal to the railway authorities to amalgamate the two grades of these clerks. They work very hard, more hours even than are

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provided by the Geneva Convention, and they ought to be given every encouragement. In these days Rs. 60 at the end of their career is not a very encouraging prospect for men of that class, and it would be only just if they were encouraged in the way I have suggested.

As regards the allowances of the travelling ticket inspectors I have pointed out that they are really running staff. They have done very well and I think that the previous rules *re* allowances should be restored to them and they should be treated as running staff. I see the Honourable Chief Commissioner shaking his head, but as far as my information goes I am stating a fact and facts cannot be denied.

Then, Sir, the commercial staff have a real grouse that they are not promoted to guards or other better posts on the transportation side. If a person has the ability to do a better job, why stop him? The present Chief Accounts Officer of the N.W.R., as far as my information goes, has stopped these commercial clerks from appearing in the accounts examinations. Is that not unjust? I think these injustices should be removed. It is from a contented staff that you get better work and in the contentment of the line staff lies the safety of the general travelling public.

The Council then adjourned for Lunch till Three of the Clock.

The Council re-assembled after Lunch at Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan): Sir, the Budget which has been presented with such admirable lucidity by the Honourable Sir Guthrie Russell presents some unusual features. We are living in times of stress, storm and difficulty. The times are unusual and it is therefore not surprising that the Budget is also in many respects of an unusual character. One unusual feature of the debate was that Sir A. P. Patro who generally finds himself supporting Government found himself with the Opposition in today's debate!

THE HONOURABLE SIR A. P. PATRO : Read the speech carefully!

THE HONOURABLE MR. P. N. SAPRU : Of course there is going to be no voting! One does not know how he would have acted if there was actual voting. I said that the Budget was unusual because though we are passing through a period of comparative prosperity and the immediate financial position of the Railways is better than it has been for some time and though the earnings show an improvement on the original estimates and in spite of heavier working expenses, hopes are entertained of a surplus of Rs. 361 lakhs we are yet budgeting for a larger surplus to be realised by immediate increases in freight rates and passenger fares. The position as I see it is this. We are undoubtedly more prosperous than we have been for nearly a decade. We may confidently without any increase in freights and fares hope for greater and greater surpluses than we have had so far. There can be no gainsaying the fact that as a commercial proposition the Railways have been earning good dividends. During

* Not corrected by the Honourable Member.

the years 1930—1936 the Indian Railways were earning 3·6 per cent. profit and during the last three years their profits had exceeded 4 per cent. Many concerns would be satisfied with a profit of 4 per cent. War conditions have stimulated industrial activity and goods traffic and Sir Andrew Clow finds that the reserve fund of the largest single-owned railway in the world stands at what he describes as the ridiculously low figure of Rs. 48 lakhs, less than a fifteen-hundredth part of its capital at charge and much less than 1 per cent. of its revenue. So far as this reserve fund is concerned, there is one consideration to which attention may be drawn. It was drawn by the Honourable Pandit Hirday Nath Kunzru. He pointed out that we have as a matter of fact two reserve funds. There is the Depreciation Fund upon which you can draw on certain occasions and there is the General Reserve Fund and so far as the Depreciation Fund is concerned it has been increasing during the last few years and it stands at the figure of Rs. 36 crores. It is quite possible that Sir Andrew Clow is right in saying that a result of this low reserve fund is that in times of depression we are in difficulty. No one disputes that Railways ought to have a reserve fund and the larger the reserve fund perhaps the better for all concerned. But the question is when we talk of the reserve fund we must take into consideration both these two funds, Depreciation Fund and the Reserve Fund into consideration. Sir Andrew Clow proposes to take advantage of the present boom and build up a reserve fund and for this purpose he is budgeting for a surplus of Rs. 829 lakhs to be realised in immediate increases in freight rates and passenger fares. The object is no doubt a laudable one and I am not prepared to say that there is no force in the argument that has been put forward by the Railway Department, that foresight is a virtue to be admired. It is perhaps equally true to say that social services will undoubtedly benefit if our railway system is put on a sounder basis. My difficulty, however, is that I am not convinced that enough thought has been given to the damaging effect which the increases may have immediately on the stimulation of industrial activity and I certainly think that the increase in fares of 6½ per cent., on railway fares of over one rupee, will be felt as a real hardship by third class passengers and inter class passengers. I am not, Sir, thinking of the men who travel, like my friend Sir A. P. Patro, in higher classes. I have no grievances of higher class passengers to narrate, but I am certainly thinking of the thousands who undertake journeys in a land of faith to places of pilgrimage for whom an anna has a value not perhaps easy for us who live in comfortable surroundings to understand. I cannot forget that the Railway Administration has not in the past been sufficiently mindful of their needs. We have had to do a lot of agitation to rouse the conscience of the Railway Administration to the injustices from which the third class passengers suffered. I cannot forget that the Railway Administration has not in the past been sufficiently mindful of the needs of the third class passengers and I cannot forget that even today the amenities offered to the third class passengers are not fair. And therefore, looking at it from the point of view of social justice, I do not think it is right to tax these men further for the sake of building a reserve fund. That is the main consideration which weighs with me so far as the increase in railway fares is concerned. Now, we know all the conditions under which our third class passengers have to travel. They have to travel in overcrowded compartments carrying very often more than double the number of men and women they are authorized to carry. The other day I was travelling from Allahabad to Delhi and I just looked into some of these third class compartments and found them literally fretted with men and women, and I wondered whether men and women could travel under those conditions in any normal country. They have to travel in compartments in which the sanitary arrangements are often loathsome. There are no latrines in some compartments and

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it is a matter of shame that there should be no latrine in even a single compartment.

Then there are inadequate arrangements so far as the water supply on station platforms is concerned and the fooding arrangements at many railway stations are inadequate. Now, I can speak from personal knowledge of one train I travel by constantly. It leaves Allahabad at 6.14 and it arrives here at 8.17 in the morning and there is no refreshment car of any kind whatever, either English or Indian. Then on the passenger train from Allahabad to Fatehpur, you get to Fatehpur at 9 o'clock, you cannot get anything to eat, you cannot even get proper water for those three hours on this train. Then you see the waiting sheds provided for them are often unclean and over-crowded. They are not generally speaking on the platform. We have got a waiting shed in Allahabad some distance from the main platform and these waiting sheds can hardly be called waiting rooms. Then the booking facilities for them are insufficient. You get large numbers of people waiting for tickets for hours before the train actually starts and the babu comes in his own good time and he disposes of these people as best he can. Now, Sir, I do not want to be hard on the railway officials. I think they try to be civil but I know that all of them are not always civil and there are occasions on which there have been complaints of incivility on the part of railway officials towards these poor villagers. Now, the third class passengers contributed in 1938-39 nearly Rs. 27 crores out of Rs. 31 crores. Surely those who contribute the largest amount of revenue deserve some consideration at our hands. Therefore, Sir, I do not think that it is fair even with the laudable object, I say, of increasing the Reserve Fund, to charge them higher rates when we are not as a matter of fact doing anything to improve their amenities. The number of waiting sheds at the stations even of a railway like the E.I.R. is only about 52 per cent. In the B.&N.W.R., about 37 per cent. of the third class carriages had no latrine accommodation even on the 31st March, 1939. These are considerations which weigh with me in considering this question of an increase in railway fares. I need hardly say that there are no fans in third class carriages. They were estimated to cost Rs. 2 crores and the annual charges were to be Rs. 25 or Rs. 30 lakhs a year. I think, Sir, we know what the heat of Northern India is and therefore I cannot congratulate the railway companies honestly on their treatment of third class passengers and I do not think it is fair that they should be made to pay even one pie more than they are actually paying.

Sir, as for freights, the position has been examined with some care by other Opposition speakers. It is apprehended, Sir, that the increase would amount to 9 pies per maund on general merchandise and its like merchandise, 8 pies per maund on salt and sugar. Now, salt is a commodity which deserves to be put on the exemption list. 2 pies per maund on fruit and vegetables, 4 pies per gallon on petrol. The increase in cost that would accrue through the activity of middlemen and retailers has not been calculated. Are these increases, Sir, justifiable in a period of what we apprehend will be a period of rising prices? It is a notorious fact that wages do not keep pace with prices. Therefore, while I appreciate the need for building a reserve fund, I think it ought not to be obtained in the manner proposed by the Honourable Sir Andrew Clow. There are also certain factors in estimating revenues which we will get by increasing freights and fares which we must not ignore. The first is rail-road competition. Are we sure that traffic will not be affected by this increase and that we will actually realise what we are budgeting for? If goods traffic is increasing, is it not possible to hope for a larger surplus than with the

present rates and is there not an under-estimate of the receipts on the present basis?

Sir, I do not wish to use harsh language and indulge in exaggeration but on the materials supplied I fear no adequate case has been made out for an increase in rates and fares and I am therefore unwilling to lend my support to this proposal.

Sir, a welcome feature of the speech of the Honourable the Railway Member is the reference to the manufacture of locomotives in India. The Report of the Humphries-Srinivasan Committee is an admirable and illuminating document. They have taken a view which supports in the main the critics of the Railway Administration. They have found that locomotives can be made a workable and commercial proposition. The argument was that the locomotive industry could not be made a commercially sound proposition in India. They have found that the building of railway locomotives is feasible and commercially possible. Sir, the value of the Report from our point of view is that it has demolished the case that was put forward on various occasions by the Communications Member in this House and in the other place. I hope, Sir, that the Report will receive the earnest consideration of Government and that it will not only receive consideration but I hope, Sir,—and I share that hope with Sir A. P. Patro,—that action will be taken on the Report and the locomotive industry started as a fact in India.

Sir, it is a tribute to the humanity of the present Communications Member that he has, in the speech which he delivered in the other place, devoted some attention to the very important question of labour. He has not ruled out absolutely, as far as I have been able to understand him, possible alterations in remuneration in what is a period of rise in prices. His last sentences lead me to hope that he has not ruled out absolutely possible alterations in remuneration in this period.

Sir, I approve of the enforcement of the Washington and Geneva Conventions relating to hours of employment and weekly rest. It will help to reduce the work the railwaymen have to do and give them some leisure. The S. I. R. and the R. & K. R. are also to be covered by the Conventions.

I am glad that there is going to be a further extension of the Provident Fund privileges to employees. This is, I know, going to be done gradually, not immediately. The Railway Administration is going to spend Rs. 12 lakhs. I think the total cost will be Rs. 72 lakhs. The idea, as far as I have been able to gather, is to spend Rs. 12 lakhs on staff benefits of an urgent character. I hope that more rapid progress will be made so far as the Provident Fund privileges are concerned.

A point to which reference was made by the Honourable Mr. Kunzru is Indianization. He has dealt with the question of Indianization very thoroughly. There is no doubt that there has been some improvement in the direction of Indianization so far as the superior ranks are concerned. But the process should be very much speeded up. The war gives us an opportunity of speeding up the process of Indianization so far as the superior ranks are concerned. But, apart from the superior ranks, there are the non-gazetted officers also and the number of Anglo-Indians employed on the Railways is to be reduced if justice is to be done to the other various communities in India.

THE HONOURABLE SIR A. P. PATRO : Minority problem.

THE HONOURABLE MR. P. N. SAPRU : Of course, my friend is a great supporter of the minorities. But I am sure that even the Honourable

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Mr. Hossain Imam, who is one of the pillars of the Muslim League, will agree with me that the proportion of Anglo-Indians in the service is very high.

There are just one or two other observations that I should like to make about the stores purchase policy of the Company-managed railways. I find that the machinery of the Indian Stores Department is not being utilised by the Company-managed railways in the manner and to the extent to which it should be. I find that the value of stores purchased through the Indian Stores Department by Company-managed railways was Rs. 8,39,000. The State-managed railways purchased Rs. 3,76,15,000 worth of goods through the Indian Stores Department. I find a note to this effect—

“ In the case of Company-managed railways, the percentage of the value of indigenous stores to the total value of all stores purchased by those railways has increased from 57.24 in 1937-38 to 58.42 in 1938-39. The value of stores purchased through the Indian Stores Department also increased from Rs. 7.71 lakhs in 1937-38 to Rs. 8.39 lakhs during the year under review ”.

Why has there been an effort made here to show that there has really been an improvement so far as Company-managed railways are concerned in this respect? The improvement is very, very slight. A study of the figures shows that the Company-managed railways, for some reason of their own, do not like to utilise the services of the Indian Stores Department. The figures are given here :—

(Figures in thousands of rupees.)

	Rs.
“ Stores imported direct	1,55,80
Imported stores purchased in India	1,52,93
Stores of Indian manufacture or of indigenous origin	4,33,72
Total	7,42,45 *
Value of stores purchased through Indian Stores Department	8,39
Percentage column 6 to column 5	1.13
Value of stores purchases controlled by the Railway Board	1,47,96
Percentage column 8 to column 5	19.93 ”

Well, I think there ought to be a change in the policy of Company-managed railways so far as the Indian Stores Department is concerned and I would like to press this point before the House.

There is just one word more which I should like to say about the working expenses of Indian Railways. The Honourable Mr. Hossain Imam, in the very able speech he made, pointed out that the working expenses were going up. The question that I should like to ask is this. What is the Railway Department doing to see that expenses are going down? What is the check that they are exercising over expenses? Have they set up any committee or any machinery to see that the working expenses are kept within control? If they have set up any committee or any machinery to see that the working expenses are kept under control, will they tell us what that committee or that machinery is? We certainly, before we vote for an increase in fares and freights, as men who own the railways, as tax payers, as men who use the railways, economically. That, I think, is not an unreasonable proposition.

These are all the remarks that occur to me on the Railway Budget and I have nothing further to say.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Sir, I like to say a few words about the Railway Budget and not about the administration of the Railway which, in my opinion, the railway authority knows far better than a layman.

Sir, I express my appreciation of the Budget proposals put forward by the Honourable Sir Guthrie Russell and at the same time wish to congratulate him on the surplus which has already accrued and which is anticipated during the next financial year. I also support the proposal regarding the disposal of that surplus. We shall be well advised to provide during surplus years against the time when we may be faced with a deficit and commercial depression. The support that has been given by Sir Guthrie to the proposal to construct locomotives in this country shows clearly that he is anxious to make India self-contained and self-supporting in this matter. I myself welcome the scheme with all my heart. The proposal to raise fares and freights seems in view of all circumstances to be a necessary measure. I have no doubt in my mind that at the end of the war this arrangement will be reconsidered and the rates will be lowered to their present level. On the whole, the Budget is very satisfactory and I accord it my cordial support.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official): Sir, I congratulate the Honourable Communications Member and the Chief Commissioner for Railways on their good fortune in being able to present such a Budget as this. With regard to this I have to make one observation, namely, one of caution. The years of plenty are always followed by years of famine when the fat and sleek cattle or kine are eaten up by the lean and ill-favoured ones. That being so, I would respectfully advise the Honourable Communications Member to see that money is not sunk in stone and mortar or stone and cement. Years ago it is well known that a lot of money was sunk in buildings which did not give any return. Several crores were sunk and that experiment ought not to be repeated. It is a well known principle that when you have a boom, that boom is always followed by depression. That advice was given nearly 4,000 years ago by a very young man to a very great monarch, that years of bumper crops are followed by years of famine. Therefore the Railway Department would be well advised in not sinking any funds that they may get over and above what they require in unremunerative works.

Then I am very glad to notice that the Committee set up to inquire into the manufacture of locomotives in India has sent in a report which is a really very remarkable one, and I hope the Railway Department will take up the matter seriously and arrange to have these locomotives constructed in India. Even if you do not get the 20 per cent. which they anticipate, even if it is just sufficient to cover the expenses, it will be an advantage to us because we shall be self-contained and also our people will get work. There is a good deal of unemployment in the country and an industry like this employing hundreds of people will be a really welcome one.

As regards the raising of passenger fares, Sir, I am afraid that the expectation may not be fulfilled. When you raise fares there is a tendency for the people not to travel much. Already people feel that the fares are very heavy and to increase them still further would not be very profitable. Even if it is considered necessary to raise the fares, I would suggest that the fares above Rs. 5 may be raised as suggested and not fares above one rupee. And the

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working expenses ought not to rise in proportion to the income earned. No doubt there will be some additional expenditure on account of more trains running, but still the Department ought to see that these expenses are kept down as much as possible, so that we may have a real saving.

Then the Honourable Communications Member suggested raising the wages of the lower staff. I would suggest, Sir, instead of raising the wages, giving them a war allowance, so that when conditions become normal the allowance may be taken away. If you once raise the wages it is very difficult for the Department to lower them. The lowering of wages always gives rise to discontent and probably to trouble.

There is one other subject I should like to dwell upon and that is the competition of motor traffic. Sir, I brought to the notice of the Honourable the Chief Commissioner the monopoly given to a single person, or rather to a one-man company, for carrying passengers and goods from Kodaikanal Road to Kodaikanal. My question suggested that this was not a good thing because there is no railway competition at all between the two points, a distance of 50 miles, and therefore there is no reason at all why one man and his partners should be given this monopoly. The result of that monopoly is that, as he is himself a trader and keeps a shop, he has been putting up the prices and the people have been really suffering. When this matter was brought to the notice of the local authorities they said that it was a put-up job by a rival bus owner and so on. That is not so. An inquiry ought to be made. Under the cover of simply assisting the S.I.R. a monopoly like this ought not to be given. Further when *bona fide* merchants asked for the licensing of private lorries they were refused licences. I do not know on what ground. The lorries did not compete with the railways at all because along the 50 miles to be covered by the bus there is no railway line. In this connection I may bring to the notice of the House the fact that from Kodaikanal a lot of goods, wheat, vegetables, fruit, and other goods, have to be brought down to the plains, and foodstuffs have to be carried up. In these circumstances to deny *bona fide* merchants licences to have their own lorries, not to cater for the public but for carrying their own goods, is a denial of justice. And all this is done under the pretext of the S.I.R. having an outpost at Kodaikanal. All these things ought to be looked into and this matter should not be brushed aside as being put up by rival bus owners.

With regard to other items of the Budget I have much pleasure in supporting the suggestions made therein, and I really congratulate the Honourable Communications Member and the Chief Commissioner for Railways on the way they have presented the Budget. I hope their expectations will be realized, that is to say that they will be able to get as much as they expect, but I am afraid they may not get as much as they expect from the increase in fares.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal: Non-Muhammadan): Sir, I do not propose to inflict a lengthy speech on the Railway Budget today, as I know it would be of no avail. If I rise to speak now, I do so with a heavy heart to express my genuine regret at the apathetic attitude and the diabolical policy of the Government.

The Railway Budget, Sir, contains new samples of injustice and consequent hardship so far as the poverty-stricken mass is concerned. The Excess Profits Bill, the passage of which is a foregone conclusion, taxes the capitalists, now the Railway Budget taxes the poor as well. It is a taxation measure

pure and simple without any convincing reason. The reason for raising the freight rates of goods and passenger traffic can only be conceived by this Government, who always deliberately flouts public opinion and rules the country as they wish. Sir, even if the goods traffic can stand some increase, the passenger traffic clearly cannot bear it. In no occasion I have seen the freights and rates once raised were afterwards reduced.

Sir, as has been admitted by the Honourable the Railway Member in his Budget speech in the other House that as a commercial concern the Railways were paying even during the depression years; then why this fresh taxation when the economic condition of the masses has not in the least improved, nor there is any hope of its improvement in the near future. Sir, I cannot understand what led the Government to impose this taxation by way of increasing the freight rates. If it is construed to be a war measure, then why no attempt is made to reduce the salaries of highly paid officials? It is rather astonishing to find that instead of reducing the cost, the working expenses of Railways have been permanently increased by lakhs and lakhs in the present Budget, without paying any heed to the crying needs of the country both inside and outside the Legislatures, to give proper amenities to the third class travelling public who form the bulk of railway receipts, the Government has come forward with determination to raise the freight rates.

Sir, this is our sympathetic Government. The less we speak the better. In fact your actions and professions are as the Poles asunder.

Sir, it is however gratifying to find in this Railway Budget that our long standing insistent and consistent demand to manufacture locomotives in this country is perhaps going to be fulfilled shortly. I hope the Honourable the Railway Member will please take up the question immediately.

THE HONOURABLE SARDAR BAHADUR SOBHA SINGH (Nominated Non-Official): Sir, the Railway Budget presented to the House, which by the way maintains its reputation for admirable lucidity and brevity, contains some surprises, unwelcome may be but inevitable in times of emergency.

Before dealing with the problems proper belonging to the Budget, I may refer to the Report of the two experts on the question of the construction of locomotives in India in State railway workshops. Their conclusions are encouraging, particularly the scheme which involves a capital outlay, for converting the existing locomotive repair shops at Kanchrapara into manufacturing workshops, of no more than Rs. 47.46 lakhs, which owing to the modest expenditure must be thoroughly feasible and practicable. Locomotive manufacturing industry may be regarded as a key industry in that all long-distance transport and in fact the whole system of communications in the country is dependent upon it. Especially in a time of war when renewals of engine stock may be unobtainable for various reasons, such as diversion of labour for war work, uncertainty of transport facilities, etc., the question of manufacturing locomotives in India is invested with a particular importance. In commending the adoption and speedy execution of the scheme I have only one observation to make, that is, that the equipment of these shops should be of such a nature that part of it may in a time of great emergency be adaptable for the manufacture of munitions such as guns, shell covers, etc., and other sinews of war.

Turning to the question of the increases in freights and fares, a calm reflection of the situation must lead one to reconcile one's self to them. They may according to some be an evil but they are a necessary evil. But there are saving features. A sincere attempt has been made to adjust the burden

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as equitably as possible in the circumstances. Traffic is called upon to pay only what it can easily bear, and third class short distance fares will be left entirely unaffected. An emergency calls for sacrifices from all of us and those that we have so far been asked to make have fortunately not been of a very drastic nature. Any new tax or charge naturally evokes opposition and criticism but a moment's reflection would convince one that in the circumstances things might well have been far worse.

One point which deserves serious consideration is the provision of amenities to third class passengers. The question of introducing fans in third class carriages was reported to be under experiment but the provision of waiting rooms for third class passengers would appear to need the sympathetic consideration of the Railway Administrations. It is true that there are waiting rooms but in space, comfort, etc., they can be much improved. The third class passenger traffic is the backbone of the railway's traffic receipts and it stands to reason that this class should be attracted to railway travel not only by cheap fares but by the provision of additional conveniences. The progress made by road transport in short distance railway traffic can only be remedied and such traffic recaptured by greater attention to the needs of lower class passengers.

THE HONOURABLE SIR ANDREW CLOW (Communications Member): Sir, there are two subjects which have found a place in practically every speech: these are the manufacture of locomotives and the increase in freights and fares. Perhaps it would suit the convenience of the House if I left these to the end and dealt first with points mainly of minor importance that were raised by individual Members in the course of their speeches. I cannot of course hope to cover all the points dealt with. There was an immense variety of subjects, from bigger ones like our depreciation policy to smaller ones like the first class waiting room at Waltair, and, though I have travelled about the railways as much as my time has permitted, I cannot profess to be familiar with details all over India.

One or two of the very minor points I can answer. When I came into the House the Honourable Mr. Hossain Imam was talking about the students at Aligarh. I do not know how long it is since he has been at Aligarh, but actually the days that he wanted were altered last December. I was sorry I did not hear all his speech owing to trying to comply with requisitions for information in another place, but I hope to read it with profit later. He also referred to overcrowding, I think with particular reference to the E.I.R. In my own tours I have looked about for evidence of overcrowding wherever I have gone; I have seen it occasionally on one or two fast trains, but so far as third class traffic generally is concerned I have seen no evidence of overcrowding. I wish I had seen bigger crowds than I did see; it even struck me occasionally that there were too many carriages for the passengers. But one does not need to depend on personal experience. The E. I. R. recently made a check of overcrowding in the course of which they checked not less than 6,138 trains and they found overcrowding only in 70. Those Honourable Members who have travelled on Railways in other countries will realise that is not a bad proportion.

The Honourable Pandit Hirday Nath Kunzru dealt among other things with the important question of the Depreciation Fund. He observed that it was steadily rising. He observed that this year we are spending from it

about Rs. 5½ crores less than we are putting in, and by a simple arithmetical calculation he found that in a very few years we should have attained the limits regarded as necessary by the Wedgwood Committee. Well, Sir, his arithmetic may have been accurate but his reasoning was not. I wish it had been. The actual fact, of course, is that in the last few years we have been curtailing expenditure. The Pacific Locomotives Committee warned us that in some respects we had carried that quite as far as was safe and I am afraid that in the next few years he will not find that difference between our credits to the Depreciation Fund and our expenditure from it. I think he might have gathered that almost from the Report on Locomotives Construction if he had analysed the implications of what its authors say. And another point is that in the last few years we have undoubtedly been crediting unremunerative expenditure to capital. And there is substance in the charge that we are somewhat overcapitalised. Now, Sir, as the House knows, we are going to try and make at least a small improvement in that direction. So that part of the Depreciation Fund, I am afraid, has to be set against assets that are unremunerative and perhaps in a few cases even non-existent.

He referred also to the distribution among Railways in Appendix VIII of the Statement, in which his eagle eye, I think rightly, detected a weakness. I must confess frankly that I do not know what purpose Appendix VIII serves. The allocations of the Railways are actually described as "nominal". I am not sure that I would not use the word "unreal" and we shall consider whether that Appendix in future should remain in the Statement.

Then he referred to the question of Anglo-Indians, and in particular to the decision (not now a recent one), to give a minimum starting wage to Anglo-Indians in certain employments. I am surprised that that was not raised in the last session. It is not really a matter of railway policy or a matter falling primarily within my own portfolio. But he allowed his fancy to roam over the advice he conjectured might have been given to me on the one hand by the Chief Commissioner for Railways and on the other hand by the Director General of Posts and Telegraphs. Well, it is not customary to disclose advice given by officers but I can tell him that his fancy led him sadly astray. He asked who was responsible for the decision. Well, the direct responsibility was Government's and the actual decision did not depend on the advice given by either of these eminent officers. Ultimately the responsibility rests, I need hardly remind him, on the framers of the Government of India Act. The Government of India felt that they were only carrying out, as they were obliged to do, the policy there enunciated. He referred also to a point regarding the recruitment of Anglo-Indians on two of the Company railways. The Chief Commissioner has looked into the point and fulfilled his promise. I do not propose to trouble the House with the details but I have no doubt the Chief Commissioner will be glad to supply them to the Honourable Member.

Sir A. P. Patro struck for me rather a refreshing because unusual note in referring to the hardships of first class passengers. I hear so much of the hardships of another class that, as I say, I found this quite refreshing. But I am afraid I did not find it terribly moving. I have not been for many years to Waltair but I am quite willing to accept it from him that first class passengers are not as comfortable there as they might be. But, on the other hand, Sir David Devadoss struck a warning note when he said: Don't go and put your money into stone and bricks and mortar, and I am afraid that, looking over things generally, I am not sure that the first class passenger does not get quite as much as he is paying for. In fact, the complaint generally made to me is that the first class passenger is benefiting at the expense of other

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classes of the community and I think in certain respects at present he is getting more than he pays for,—in particular, in the matter of refreshment cars to which he is not giving the support in some cases that would really make them profitable propositions.

As regards the Grand Trunk Express, to which he also referred, I admit that that is not a comfortable train for the upper class passenger who is trying to do a long journey. It is not really intended for upper class through traffic. It is intended more for traffic for intermediate journeys. But it was for me a revelation of what first class passengers have come to expect that he made it a grievance that on one occasion actually the right number of passengers were put into the carriage.

THE HONOURABLE SIR A. P. PATRO : I suppose the carriage was built before any of us was born or came into existence.

THE HONOURABLE SIR ANDREW CLOW : I doubt if there are any carriages of the ripe experience of Sir A. P. Patro !

The Honourable Mr. Muhammad Husain pleaded for more uniformity in a good many things and particularly in the matter of carriage stock. Well, there was some force in what he said and the Railway Board are doing a certain amount towards standardisation though perhaps not as much as he would like. But, of course, railway stock lasts a long time, and at any given time you naturally have stock going back for a large number of years, but I think with a fairly constant improvement in design. So that the replacement of old stock by stock that we regard as more suitable to changed conditions must be a fairly slow process if it is to be done with reasonable economy.

He also pleaded for third class return tickets. Well, we have had an experiment on the E.B.R. but personally I am very sceptical about third class return tickets. There is always a great danger in return tickets and that is that the return half will be used by a gentleman who did not make the original journey. I do not say that that danger is absent even in the case of first class passengers, but obviously it is very much less when you are dealing with a comparatively small number. But if you issue return tickets at a station from which hundreds of people travel every day, the temptation to take a return ticket and make a little profit by selling it to a gentleman who is going back on the next train may be great.

Then he also referred to catering contracts and there he was supported by the Honourable the Leader of the Opposition. We have had a debate in another place on that subject and the text of it, I think, reached Honourable Members last night. I would commend it to their study. References were made to a contract at Jhansi and to some contracts at Howrah. I have not all the facts here, but, to the best of my belief, the contract at Jhansi for which a plea was made was a contract given to a gentleman who himself has no connection with the catering business at all, the understanding being that he would be associated with another gentleman who would supply the necessary professional skill. Afterwards, I think they had a difference of opinion and it has been laid down—quite rightly, in my opinion—by the Central Advisory Council for Railways, of which the Honourable Mr. Muhammad Husain is himself a member, that these contracts should go to men who are professionals. In other words, the public should not have amateur cooks. As regards Howrah contracts, if Honourable Members will study that debate, they will find that cancellation

has been suspended for the moment and we have agreed to ask the Central Advisory Council for Railways to consider again one of the questions that they considered last September.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : May I intervene and ask, Sir, whether the present refreshment room monopolist is a professional himself ?

THE HONOURABLE SIR ANDREW CLOW : I am not sure who the Honourable Member is referring to at the present moment as a monopolist.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I do not want to mention the name of the firm but that firm is now practically working most of the refreshment rooms on the G.I.P.R. although he is not a professional himself.

THE HONOURABLE SIR ANDREW CLOW : I am not precisely clear as to whom the Honourable Member is referring, but I believe that the big contracts are in the hands of men of experience.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I might mention as I recollect now that the name of that monopolist is Vallabdas Ishwardas.

THE HONOURABLE SIR ANDREW CLOW : I do not know him but I understand from the Chief Commissioner that his father was in the business.

The Honourable the Leader of the Opposition then referred to the important question of strategic lines and he repeated what is a very prevalent impression that we bear the loss on strategic lines. Actually, that is not the position. What we are liable to pay to Government is one per cent. on our capital at charge, and from that a deduction of approximately Rs. 2 crores is made on account of the loss on strategic railways.

The Honourable Mr. Sapru was, I think, possibly the only Member who referred to the important question of civility from the railway staff. That is a matter to which the Chief Commissioner and the General Managers have been giving constant attention. The general impression I get by conversation with travellers is that there has been a distinct improvement in that direction and that superior railway officers are always ready to receive and examine any reasonable complaints from members of the public. I must contest his statement that we do nothing to improve the amenities for third class passengers. He referred to the number of compartments on some railway—I rather think which we do not even own, much less manage—without latrine accommodation. Well, I wonder if he has travelled in Europe and taken the percentage not merely of third class but of first class compartments that have not got latrine accommodation there. He asked who controlled the finances of the Railways. I should have thought the answer to that was fairly obvious, that we have a competent Financial Commissioner assisted by a staff of experts, that we are subjected to constant scrutiny both here and in another place, and that there is a perpetual drive in favour of economy, a drive which is a little difficult in view of the constant demand that we should supply more and that we should receive less.

The Honourable Sir David Devadoss suggested that I contemplated a permanent rise in wages. That is certainly not the position. I did, in my speech, refer to the possibility that some increase in emoluments might have

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to be given to the lower paid staff if there was a substantial rise over the present level of prices, but I quite agree with him that if a rise ever had to be given on account of exceptional conditions, it should take a form which would enable it to be easily reduced or removed as those conditions disappeared.

I am afraid I am not familiar with conditions in Kodaikanal to which also he referred but I was a little surprised to hear that it rested within the power of the Railways to grant a monopoly along a certain route.

THE HONOURABLE SIR DAVID DEVADOSS: I said that on the plea that the S.I.R. had an outpost, the monopoly was given. I did not say the Railway gave it.

THE HONOURABLE SIR ANDREW CLOW: I am afraid I cannot hold myself or the Chief Commissioner responsible for that.

THE HONOURABLE SIR A. P. PATRO: District Board.

THE HONOURABLE SIR ANDREW CLOW: I am not answerable for the District Board.

Then the Honourable Mr. Sinha, who in the mildest voice made the most savage statements, complained that our working expenses were going up. Well, that is an inevitable concomitant of increased traffic. You cannot drive a locomotive without burning coal.

The Honourable Sardar Sobha Singh made a suggestion that we should build our new workshop in such a way that it could take on munitions production if necessary. Well, most railway workshops can do something in that line even if they are built purely for railway needs. But munitions production is being done otherwise and I hope that by the time our locomotives are being turned out in substantial numbers, our present need for munitions would have become somewhat less.

As regards the question of locomotives production, the Honourable Pandit Kunzru asked for an explanation of a statement made in the course of his speech by the Chief Commissioner. I think the statement was as follows:—

“ We have been unable to foresee a steady output, and it is of little use building a workshop which only works spasmodically ”.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I did not refer to the statement made by the Chief Commissioner. I referred to the statements made by Sir Zafrulla Khan and by Sir Thomas Stewart in the Assembly.

THE HONOURABLE MR. HOSSAIN IMAM: I mentioned that, Sir.

THE HONOURABLE SIR ANDREW CLOW: I am sorry. I thought the question put was whether this statement referred to the past or to the future.

THE HONOURABLE MR. HOSSAIN IMAM: I asked that, Sir.

THE HONOURABLE SIR ANDREW CLOW: I should have thought the answer was fairly obvious. In the first part of it, viz., “ We have been unable to foresee a steady output ” the Chief Commissioner was speaking of the past, but when he went on to say, “ It is of little use building a workshop which

only works spasmodically ” he was laying down a proposition which every business man would tell you is good at all times and in all places. The whole point is that this question of locomotive building is largely a question of time.

The Honourable Pandit Kunzru was perplexed by the variations in the estimates that have been presented. So am I to some extent. I have seen a good many estimates. I know of one—quite an honest estimate—by an officer that our needs for the next, I think, eight or nine years might be as low as 30 broad gauge locomotives a year. On the other hand, you have the estimates given in the Report now before the House. Well, there are two explanations of these variations. In the first place, a good deal depends on the time factor. Your demand for locomotives may be spread over a certain number of years; it is a constantly variable quantity. But the extent to which you can spread is naturally limited. If you take a very long view, you may get one figure; if you take a very short view, you may get another. Actually, in the last 10 years, our demand for locomotives has not been such as would have justified the building of a workshop and as the Honourable Mr. Parker put the point, succinctly, there is a time to buy and there is a time to make.

THE HONOURABLE MR. HOSSAIN IMAM: What is the time now?

THE HONOURABLE SIR ANDREW CLOW: That is just what we are trying to find out. But of course another explanation is that the view officers take—there is a personal factor involved—of the probable course of events in future naturally varies. The low estimate to which I referred and some other low estimates were based to a considerable extent on the view that we can make much better use of our locomotives than we are doing at present and that we do not require—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I interrupt the Honourable Member? You could not alter the age of the locomotive by any means. You may utilize them better by seeing that they do not remain idle or do not remain too long under repairs, but you cannot alter their age by any process. That is the point. The Report says that considering the age of the locomotives a very large number of new locomotives would be required in the next 10 years, while Sir Thomas Stewart speaking on the same subject two years ago said that they would not need more than some 40 or 50.

THE HONOURABLE SIR ANDREW CLOW: I do not think he said that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Well, I read out the extract. The speech I refer to was made on the 24th February, 1938 in the Assembly.

THE HONOURABLE SIR ANDREW CLOW: I have read that speech. Now obviously, if you think you can make better use of your locomotives your estimated demand for new locomotives is reduced. In fact that has been one of the big causes of the reduction in demand in the last two years.

Then the Honourable Rai Bahadur Lala Ram Saran Das asked, do we mean to carry out the Report? Well, we are examining the Report, but I would put it to the House, we have one estimate here, we have other estimates too. We have to examine these. So far as I can judge at the moment, the

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authors have made ample allowances against contingencies and their conclusions would appear to be sound, but obviously we have to check that. We have got to consult the Managers of the Railways concerned. There is going to be a very big disturbance, for example, of repair work, particularly on the E.B.R. We have to look into the cost of production. So that I cannot tell him or give him an undertaking that we shall within so many weeks implement the Report.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What I am afraid of is that consideration of Reports like this sometimes takes years and ultimately they are shelved. Therefore what I expect from the Honourable Member for Communications is as to whether Government have decided in favour of the construction of locomotives in India when it is a paying proposition. There is a Report and I hope the Honourable Member will tell me whether it will take six months or a year or any longer period to consider. Another question was, as to why Government did not convert loans which are now carrying a high interest for lower interest and also whether the Government was considering the policy of accelerated Indianization.

THE HONOURABLE SIR ANDREW CLOW : I am sorry I am still a little in the dark. Obviously if we are satisfied that the manufacture of locomotives is going to be a paying proposition we should not have any hesitation in going on with it, but as to the precise time at which we shall have the necessary data in our hands I cannot say. The Report is not going to be shelved. All that I think the Honourable Member is entitled to ask is that there should be no delay in dealing with it, and I shall see to that to the best of my ability.

Now I come to the leading question, perhaps, of the increase in rates. Two Honourable Members, Sir A. P. Patro and Rai Bahadur Lala Ram Saran Das, referred to a statement made by the Minister of Transport in the House of Commons about the raising of rates, and their advice as far as I could gather was, "Go thou and do likewise". Well, I am not in the same position as the Minister of Transport. The Minister of Transport is controlling railways which are owned by private capitalists and the result of raising rates would be to benefit not the State but the owners of the railways. I have here to look at the interests of the State and I submit that the two positions are in no way analogous. (*An Honourable Member* : "But there are Company-managed railways also here".) The Company-managed railways, I would remind my Honourable friend, are almost entirely State-owned. Sir A. P. Patro talked of depressions; he seemed to minimise the danger of depressions. I think I heard him say there was no depression after the last war until 1931, and I wondered where he had been travelling in the years between 1921 and 1923. He also referred to the fact that we put up the rates in 1931. Perfectly true, but the putting up of the rates then was largely, if not entirely, the restoration of reductions that had been made three or four years before when in the light of a temporary prosperity—temporary as it afterwards proved—the authorities controlling the railways believed that it would be sound policy to lower the rates and attract increased traffic. I have not the slightest doubt that if they could have foreseen what was going to happen in the course of only three or four years, they would not have lowered the rates then. And I have the support of business authorities in Mr. Parker for saying that it is a sound policy surely to try as far as possible to avoid raising rates in times of depression to allow

for lowering them in the better times. I think that some one asked me if this was the proper time to raise rates, and suggested some other time would be more suitable. But I wonder what time he had in mind.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Raise rates and freights at boom times even without the war the crops are moving fast and there is plenty of export.

THE HONOURABLE SIR ANDREW CLOW : There have been no boom times for railways in my recent memory. We have defaulted in almost every recent year on our liabilities to Government. Sir David Devadoss, pleading for the third class passenger, suggested that we should make the minimum not one rupee but five rupees. I am afraid if we did that we should get next to nothing. That would cover a distance of approximately 250 miles and the journeys made by third class passengers beyond that distance are few in comparison with the others. Then Mr. Sinha said this was a taxation measure pure and simple and that the rates were never reduced. I think his memory must have led him astray. Rates have been reduced at various times both on freights and on fares. We are constantly making small reductions in the case of goods.

But the main gist of the attack on the rates was that there was no need to raise more money at the present time. Sir A. P. Patro asked if this was an emergency. Well, I should have thought it had certain elements of emergency in it. But surely the point of view to look at it is from the other side. Here we have, by the assent of the Legislative Assembly—and some one asked what control the Legislature had—by the assent of the Legislative Assembly, by their direction, a liability to pay a certain sum annually to the general taxpayer, a liability to pay one per cent. on our capital less the loss on strategic lines. I put it forward, is this the time that we should default on that liability? Have we any right at the present moment when we know we can raise the money, or we think we can, to go on saying, "I am very sorry, it is true I owe you this money, just let me add it to the debt which you are accumulating against my account, and some day when much better times come perhaps I will pay off the whole amount?"

THE HONOURABLE SIR A. P. PATRO : It is only putting from one pocket to another.

THE HONOURABLE SIR ANDREW CLOW : I do not quite understand the implication of the statement that it is only taking it from one pocket and putting into another?

THE HONOURABLE SIR A. P. PATRO : You take it from the railway travelling public and give it to the general taxpayer.

THE HONOURABLE SIR ANDREW CLOW : Precisely, and the general taxpayer has a right to receive it under the Railway Convention. Am I to say at this moment when no one doubts that the general taxpayer needs money and when the country is ringing with the cries of excess profiteers—

THE HONOURABLE SIR A. P. PATRO : Only 500 persons in the whole country.

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THE HONOURABLE SIR ANDREW CLOW—against contributing to the country's need, am I to say, "This is not the time when I should pay what I owe you; I will just default on it a little longer and add a little more to the debt?" Of course it is taking from one pocket and putting into another, taking it from the railway user and giving it to the general taxpayer. I submit that that is the right thing to do and I have not heard any suggestions that would assist the Finance Member by letting him know precisely where the substitute for this Rs. 5½ crores should come from.

Of course I admit that in our Budget we have not budgeted exactly for what we owe to the general taxpayer. That sum is Rs. 5½ crores for next year and our estimates allow for nearly Rs. 3 crores more. That is perfectly true. I would say in the first place that it is extraordinarily unsound finance to budget exactly for Rs. 5½ crores at a time like this. Fluctuations in our possible revenue and in our possible expenditure may be very severe and there obviously should be some margin. But I would not defend the Rs. 3 crores mainly on the ground that we are making an adequate margin in order to ensure payment to the taxpayer. I would defend it on the ground that we must have a little margin ourselves, that this policy of trying to do a little—we are not trying to do very much—to smooth out this cycle of prosperity and depression is sound, that at a time when as we believe this burden can be more easily borne than at any time within the last decade at least it is sound to have a little insurance against the evils that despite Sir A. P. Patro's assurances lie only too surely ahead of use. If we can build up a small reserve we shall do something to ensure against the risk of our coming on the country when it is in very bad straits, when industry is depressed, when wages are falling, when unemployment is increasing, when it is the least fortunate moment for putting the heaviest burdens upon them.

The Council then adjourned till Eleven of the Clock on Monday, the 26th February 1940.

Percentage of vehicles provided with latrine accommodation in third class and composite carriages in each railway system.

Railway system.	Gauge.	Third class.	Composite containing intermediate or third class accommodation.	Total.
CLASS I RAILWAYS.				
A. B.	3' 3 3/8"	95.8	100.0	97.9
B. & N. W.	3' 3 3/8"	58.2	100.0	63.4
B. N.	5' 6"	97.8	98.5	98.2
	2' 6"	85.9	79.5	84.6
B. B. & C. I.	5' 6"	98.4	65.8	84.5
	3' 3 3/8"	89.7	100.0	92.4
	2' 6"	76.7	100.0	85.5
E. B.	5' 6"	77.3	67.7	71.7
	3' 3 3/8"	100.0	100.0	100.0
	2' 6"	Nil	Nil	Nil
E. I.	5' 6"	96.5	97.6	97.1
G. I. P.	5' 6"	81.1	77.1	79.3
	2' 6"	92.9	100.0	95.8
Jodhpur	3' 3 3/8"	100.0	100.0	100.0
M. & S. M.	5' 6"	96.0	96.7	96.4
	3' 3 3/8"	100.0	95.7	97.7
Mysore	3' 3 3/8"	100.0	100.0	100.0
	2' 6"	100.0	Nil	100.0
	2' 0"	100.0	Nil	100.0
Nizam's State	5' 6"	100.0	100.0	100.0
	3' 3 3/8"	91.4	95.8	92.6
N. W.	5' 6"	100.0	100.0	100.0
	2' 6"	100.0	100.0	100.0
R. & K.	3' 3 3/8"	67.9	100.0	77.2
S. I.	5' 6"	100.0	100.0	100.0
	3' 3 3/8"	85.7	58.8	75.7
	2' 6"	44.4	9.10	31.0
TOTAL	..	88.6	89.4	89.2

Percentage of vehicles provided with latrine accommodation in third class and composite carriages in each railway system—contd.

Railway system.	Gauge.	Third. class.	Composite containing intermediate or third class accommodation.	Total.
CLASS II.—RAILWAYS.				
Barsi Light	2' 6"	36.5	66.7	42.4
Bengal Doars	3' 3 3/8"	56.7	100.0	69.8
Bhavnagar State	3' 3 3/8"	100.0	100.0	100.0
Bikaner State	3' 3 3/8"	100.0	100.0	100.0
Darjeeling Himalayan	2' 0"	Nil	Nil	Nil
Dibru Sadiya	3' 3 3/8"	100.0	100.0	100.0
Gaekwar's Baroda State	{ 3' 3 3/8"	100.0	100.0	100.0
	{ 2' 6"	97.5	100.0	98.4
Gondal	3' 3 3/8"	100.0	100.0	100.0
Jaipur State	3' 3 3/8"	100.0	100.0	100.0
Jamnagar and Dwarka	3' 3 3/8"	88.6	Nil	88.6
Junagad State	3' 3 3/8"	100.0	86.0	94.4
Morvi	3' 3 3/8"	100.0	84.2	95.3
Shahdara (Delhi) Saharanpur	2' 6"	42.9	100.0	48.7
TOTAL	..	80.6	86.0	81.9
GRAND TOTAL (CLASS I & II RAILWAYS)	..	87.8	89.3	88.7

Number of stations and waiting halls provided on Class I Railways for the use of intermediate and third class passengers.

Presented at the 11th Annual Meeting for the year 1911-12, held at the Mysore Palace, Mysore, on the 11th March 1912.

	A. B. B. & N. W.	B. N. B. N. W.	B. B. & C. I.	E. B. E. I. G. I. P. Jodhpur S. M. {State. C. S.	R. & K. S. I. Mysore State.										
Total number of stations open for passenger traffic.	306	352	495	635	453	768	567	165	498	213	870	175	98	608	129
Number of stations at which waiting rooms or halls have been provided for intermediate class passengers :—															
(i) generally	12	5	19	1	8	148	Nil	1	6	Nil	17	8	Nil	Nil	Nil
(ii) for women only	4	10	14	1	3	56	Nil	Nil	Nil	Nil	18	2	3	Nil	Nil
Percentage of stations at which waiting rooms or halls have been provided :—															
(i) generally	260	250	465	483	437	399	477	113	454	213	694	110	95	590	111
(ii) for women only	131	34	69	2	326	173	15	6	11	2	48	12	12	13	5
Percentage of stations open for passenger traffic :—															
(i) for intermediate class generally.	3.92	1.42	3.84	0.16	1.76	19	Nil	0.61	1.20	Nil	1.95	1.71	Nil	Nil	Nil
(ii) for intermediate class women only.	1.31	2.84	2.83	0.16	0.66	7	Nil	Nil	Nil	Nil	2.07	1.14	3.06	Nil	Nil
(iii) for third class generally.	85.0	71.0	93.9	76.7	96.5	52	84.1	68.5	91.2	1.00	79.8	62.9	96.9	97.0	86.0
(iv) for third class women only.	42.8	9.66	13.9	0.31	72.0	23	2.65	3.64	2.21	1.00	5.52	6.86	12.2	2.14	3.88

COUNCIL OF STATE.

Monday, 26th February, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

NEW POSTS CREATED IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES SINCE 1ST SEPTEMBER, 1939.

8. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement showing the following information about the expansion of their Secretariat and other Attached Offices from 1st September, 1939 up to date :—

- (a) the names and designations of new or additional officers' posts created ;
- (b) the names of persons appointed to these posts ;
- (c) the cadre to which they belonged ;
- (d) the salary drawn on 31st January, 1940 ;
- (e) the salary drawn on 31st August, 1939 ; and
- (f) in case of new persons, the method of their appointment ?

THE HONOURABLE MR. E. CONRAN-SMITH: The information is being collected and will be laid on the table in due course.

EXPANSION OF THE SECRETARIAT AND OTHER OFFICES SINCE 1ST SEPTEMBER, 1939.

9. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement showing the following information about the expansion of their Secretariat and other offices from 1st September, 1939 up to date :—

- (i) the number of new or additional ministerial appointments made in each department, grade by grade, *i.e.*, superintendents, assistants and routine clerks, etc.
- (ii) the number of Muslims, Hindus, Europeans and Anglo-Indians appointed in each grade ; and
- (iii) the pay drawn by old employees on 31st August, 1939 and 31st January, 1940 in case of those now holding posts of superintendents and assistants ?

THE HONOURABLE MR. E. CONRAN-SMITH: The information is being collected and will be laid on the table of the House in due course.

MILITARY OFFICERS, ETC., APPOINTED TO THE GOVERNMENT OF INDIA SECRETARIAT.

10. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement showing military personnel appointed to Secretarial work in different departments with their names, former pay and present pay.

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): I lay on the table a statement containing the required information.

Statement.

Department.	Rank and name.	Pay.	
		Former.	Present.
		Rs. A. P.	Rs.
Defence Department	Lt.-Col. W. V. McCalmont, M.C., Indian Army	1,950 0 0	1,950
	Lt.-Col. L. A. Stuart, M. C., Indian Army	1,950 0 0	1,950
	Captain J. C. D. Bruce, 2nd Bn., 3rd Q. A. O. Gurkha Rifles	1,105 0 0	1,385
Home Department	Lt.-Col. J. C. Walker, Indian Army	1,950 0 0	2,045
Department of Supply	Lt.-Col. R. Wood, M. C., 2nd Bn. P. A. V., 7th Rajput Regiment	1,950 0 0	3,000
	Major (local Lt.-Col.) J. I. G. Harvey, Indian Army Ordnance Corps.	1,525 0 0	1,950
	Major J. R. Marriott, Indian Army Special Unemployed List	610 0 0	1,530
	Captain F. H. D. Teal, Army in India Reserve of Officers		
	2/Lt. H. H. B. Gill, Emergency Commissioned Officer	Not known.	1,165
	2/Lt. A. R. Haseler, Emergency Commissioned Officer		
	2/Lt. E. V. Hammond, Emergency Commissioned Officer		
	Lce./Cpl. Kerr*	3 3 0 per diem.*	190 (consolidated)
	Lce./Cpl. Battye*	2 13 0 per diem.*	190 (consolidated)

*Plus free rations, messing allowances, etc.

MANUFACTURE OF MUNITIONS.

11. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Has the manufacture of munitions in India been expanded since the commencement of the war? If so, in respect of what kinds of munitions and to what extent?

(b) Are munitions of any description being manufactured now which were not produced in this country before the war? If so, what are they?

(c) Will India become self-sufficient in future in regard to the production of munitions that she needs in consequence of the expansion that has taken place?

THE HONOURABLE MR. H. DOW: (a) and (b). The answer to the first part of both of these questions is in the affirmative. It is not in the public interest to answer the second part of either question.

(c) The present expansion will go a long way to develop indigenous production of modern types of munitions and will bring India nearer to self-sufficiency than she is at present.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is the Honourable Member aware that, whenever the manufacture of any new kinds of munitions is undertaken either in England or in any of the British Dominions, information on the subject is freely given. For instance, in regard to the manufacture of aeroplanes and shells.

THE HONOURABLE MR. H. DOW: No, Sir. I was not aware of that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Will the Honourable Member, in view of the information which has been given to him, now supply the information asked for in part (b)?

THE HONOURABLE MR. H. DOW: I am afraid, Sir, that that is rather a hypothetical question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: But that is not a hypothetical question. Have I not drawn the Honourable Member's attention to what is actually taking place in England, Canada, Australia, and so on?

THE HONOURABLE MR. H. DOW: No, Sir. You asked me first of all to satisfy myself on that matter and asked me whether, when I had satisfied myself, I would do something else. I am afraid I cannot undertake to do that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Does the Honourable Member read the Prime Minister's speeches or not?

THE HONOURABLE THE PRESIDENT: I have already informed the Council that you cannot compel any Government Member to give information.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: But surely you will not deprive us of the right to ask him for information.

THE HONOURABLE THE PRESIDENT: You can put any supplementary question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I have put a supplementary question.

THE HONOURABLE THE PRESIDENT: But he has refused to answer it. You can put any number of supplementary questions if he chooses to answer. But I have no power to compel him to answer.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I have the right to put supplementary questions and I cannot be deprived of that right.

THE HONOURABLE THE PRESIDENT : I have allowed your supplementary question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But, Sir, every time I put a supplementary question, you remind me that I cannot compel Government Members to give information. I know that elementary fact myself and it is precisely because Government officers take advantage of it that we want to put supplementary questions, otherwise where would be the need for putting them ?

THE HONOURABLE THE PRESIDENT : I have told you that it is unusual and not parliamentary practice, when you are putting questions, to argue.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, I am not arguing. The question has arisen here several times before and if you rule that we cannot put supplementary questions, then the right of putting questions might as well be withdrawn.

THE HONOURABLE THE PRESIDENT : You are misconstruing me. I have never held that you have no right to put supplementary questions.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Then I see, Sir, respectfully speaking no reason why you have reminded me just now that I have no right to compel Mr. Dow to reply to my questions.

THE HONOURABLE THE PRESIDENT : It is the President's discretion to remind you as many times as he likes.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I respectfully hope, Sir, that you will bear in mind the self-respect and the feelings of the non-official Members.

THE HONOURABLE MR. H. DOW : Sir, I have stated that it is not in any public interest to give certain information, and surely it must be clear to the Honourable Member that at this time, while we are at war, it is very undesirable to publish abroad to the world what kind of munitions, how much munitions, and so on, we are making. It is obviously information which would at once be valuable to the enemy, and that is the reason why I should not dream of giving that information in this House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I asked the Honourable Member why India was treated on a different footing in this respect from Great Britain, Canada and Australia, where such information was given without any fear of giving an advantage to the enemy. That was the simple question I put to the Honourable Member and he has not yet replied to it.

THE HONOURABLE MR. H. DOW : I have answered that. I said I was not aware of that.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member inform the House what precisely were the munitions manufactured in India before the war ?

THE HONOURABLE MR. H. DOW : I am afraid that is a question of which I must ask notice.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member state whether India is in a position to supply the parts of aeroplanes at the present moment ?

THE HONOURABLE MR. H. DOW : Sir, I hardly think that arises out of this question, but India is at present in a position to supply some parts of aeroplanes and not other parts.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, with regard to part (c) of the question, may I know what are the kinds of munitions which India would have to manufacture in order to become self-sufficient ?

THE HONOURABLE MR. H. DOW : Sir, there are many meanings of self-sufficiency and I do not know that any nation in the world can say that it is entirely self-sufficient in the matter of munitions. This question is put to me in a very general form. India may be self-sufficient at one moment but not at another ; it is not a static position.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But taking the present army into account ?

THE HONOURABLE MR. H. DOW : What is the question ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Honourable Member understood the question because he was replying to it. I need not therefore repeat it.

THE HONOURABLE MR. HOSSAIN IMAM : We want to know is India self-sufficient as far as raw materials for munitions are concerned ?

THE HONOURABLE MR. H. DOW : No, Sir.

THE HONOURABLE MR. HOSSAIN IMAM : What are the deficiencies at the moment ?

THE HONOURABLE MR. H. DOW : That is again a question of which I must ask notice.

THE HONOURABLE MR. G. S. MOTILAL : In regard to aeroplanes, is India in a position to supply all the raw materials for the manufacture of aeroplanes ?

THE HONOURABLE MR. H. DOW : No, Sir.

MIDWIVES IN E. I. R. HOSPITALS.

12. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What steps, if any, have the E.I.R. authorities taken in the course of this year to provide trained midwives or *dais* in railway hospitals in places where there are no other medical facilities available ?

(b) What is the total amount spent by the E.I.R. annually for the specific purpose of affording relief to such employees as have to seek medical

treatment outside railway hospitals? What classes of employees are entitled to this benefit?

(c) What was the amount paid to European and Anglo-Indian employees and Indian employees, respectively? Are employees allowed to appeal to the higher authorities in cases in which the assistance given to them is inadequate?

(d) What is the source from which this amount is derived and on what principles is it distributed?

THE HONOURABLE SIR GUTHRIE RUSSELL: I have called for information and will lay a reply on the table of the House in due course.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Has not the Agent of the E. I. R. written to the Honourable Member, supplying him with full information on the subject?

THE HONOURABLE SIR GUTHRIE RUSSELL: As soon as I received the question, I asked for the information but we have not yet received it.

MAINTENANCE OF A POWER HOUSE, HOSPITAL, ETC., AT OAK GROVE SCHOOL.

13. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Does the E. I. R. maintain a power house, a hospital, and other institutions and various kinds of workshops for the European and Anglo-Indian School at Oak Grove? How much is spent on each of these accounts and how is that expenditure accounted for?

(b) Is this expenditure included in the figure of Rs. 2,32,820 which was stated by Government to be the total expenditure on the school in reply to my starred question No. 110 on the 20th February, 1939?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a) As regards the first part of the question, there is a hospital, and a small workshop under the Inspector of Works in charge of the repairs and maintenance of the School buildings and furniture. Electric power is obtained from Mussoorie and there is not a separate power house in the School. I am not aware what other institutions the Honourable Member refers to.

As regards the latter parts, expenditure on the hospital and on the workshop are not booked separately, but the cost of medical attendance and the maintenance and repair of School buildings and furniture in 1936-37 was Rs. 15,857 and Rs. 66,329 respectively.

(b) Yes.

AMOUNT SPENT ON STIPENDS AND SCHOLARSHIPS IN OAK GROVE SCHOOL.

14. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) What is the total amount spent every year on stipends and scholarships in the European and Anglo-Indian School, Oak Grove?

(b) What is the total amount spent each year on stipends and scholarships to Indian children in Indian high schools maintained by the E. I. R.?

THE HONOURABLE SIR GUTHRIE RUSSELL: I have called for the information, and will lay a reply on the table of the House in due course.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 23rd February, 1940, namely:—

A Bill further to amend the Indian Coinage Act, 1906.

A Bill further to amend the Factories Act, 1934, for a certain purpose.

A Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed.

A Bill further to amend the Indian Emigration Act, 1922.

A Bill further to amend the Reserve Bank of India Act, 1934.

RULING RE RIGHT OF REPLY IN A MOTION FOR ADJOURNMENT.

THE HONOURABLE THE PRESIDENT: Honourable Members, whenever a Motion for the adjournment of the House is brought forward in the Council of State, a question has been repeatedly put to me whether the Mover of such a Motion is entitled to have a right of reply which is ordinarily given to the Mover of a Resolution, or a Bill or any Motion which may be made under rule 24 (a) of the Indian Legislative Rules framed under the Government of India Act. Chapter 6 provides for rules and standing orders regarding Motions for Adjournment for the purpose of discussing a definite matter of urgent public importance made with the consent of the President. This Chapter is silent as to the right of the Mover to reply to the debate, but only provides that if the debate is not completed within two hours it shall automatically terminate and no question shall be put; but the Standing Order 23 does not state whether the Mover of the Motion is entitled to give a reply if the debate terminates or collapses within two hours. Since the formation of the Council of State when Motions were made for the adjournment of the House, to my knowledge the Mover is not allowed to make a reply to the debate (with a few exceptional cases which I will examine presently) on account of the existence of a solitary ruling given as early as 27th July, 1923 to which I shall also refer later on or owing to a convention or a practice that only one speech shall be made by every Member in order to enable a large number of Members to take part in the debate and to terminate the same within the prescribed time of two hours. I have searched in vain for any other concrete decisions on this point, disallowing a right of reply in this House if the debate terminated within two hours. I would not go so far as to assume that during such a long period on no occasion this question has been raised—perhaps it may have been informally raised and not recorded in the proceedings of the Council of State. I may state here for the information of the Council that on the 9th August, 1934 the Honourable Mr. Hossain Imam moved an Adjournment Motion regarding the proposed removal of the Imperial Institute of Agricultural Research from Pusa to Delhi and in the course of the debate many

[Mr. President.]

Honourable Members took part. On the termination of the debate which took place before the expiry of the prescribed time, the Honourable Mr. Hossain Imam replied to the Motion generally and I called upon the Honourable Member in charge of the Government Department to give his reply. On that occasion no question was raised nor did I wait to consider the question whether the Honourable Mover of the Adjournment Motion was entitled to a reply. I know of no other case in the Council of State where a reply has been expressly claimed by the Mover of an Adjournment Motion. On Monday, the 18th September, 1939, when the Honourable Pandit Kunzru brought forward his Adjournment Motion regarding the alleged unsatisfactory nature of the announcement made by Government on the recommendation of the Chatfield Commission, he in the midst of the debate came up to me and privately enquired if the Mover had a right of reply. As the point was not discussed on the 9th August, 1934 when I allowed the Honourable Mr. Hossain Imam and the Government Member both to speak on the Motion by way of reply and as I was somewhat doubtful of the accuracy of my decision permitting then a right of reply I informed Mr. Kunzru that I was not sure about the Mover's right of reply and I promised to give a considered decision at a later date.

There are two other cases which have occurred during the time I have occupied the Chair and I would like briefly to refer to them.

In a case reported in Vol. I, 1935, page 758, when on a Motion for Adjournment of the House the Honourable Raja Ghazanfar Ali Khan enquired when the Honourable Sir Henry Craik rose to speak whether the Honourable Member was giving a final reply or whether the Home Secretary will have the right of reply. I then ruled that the Secretary will have the right of reply if the Honourable Raja Ghazanfar Ali Khan made a reply. In this case the point was not raised whether Raja Ghazanfar Ali Khan was entitled to a reply, but it may be noted that the Motion was not talked out and the debate had collapsed before two hours. Again, in a case reported in Vol. I, 1937, page 643, on an Adjournment Motion I informed the Mover of the Motion that if he had "got a right of reply" the Member in charge of Government will also have a right of reply. In this case also the point was not raised whether the Mover had a right of reply or not and the debate had collapsed before the prescribed limit of two hours. This case is distinguishable from other cases because the Mover of the Motion rose to reply before the expiration of two hours as there were no other speakers after the Member in charge of Government had addressed the House and had not concluded his speech when the limit of two hours had been reached. I, therefore, held the Motion had automatically terminated. It will appear to the House that both these cases are distinguishable and the Movers of the Motions were permitted to reply as the debates had concluded before the prescribed period of two hours and do not affect the integral question whether the Mover of an Adjournment Motion shall have an absolute right of reply.

I think it is high time now that this question should be once for all definitely decided and that Honourable Members should no longer remain ignorant or doubtful of their alleged right to claim a reply and it is only right so far as the Council of State is concerned that the matter should be distinctly cleared up for future guidance. We have therefore to see how far the rules and standing orders made under the Government of India Act help us to solve the question whether they confer the right to claim a reply in case of an Adjournment Motion. Chapter 7 of the Manual of Business and Procedure contains general rules of procedure in the matter of motions, resolutions and bills.

Standing Order 31 lays down the order of speeches and the right of reply. Part 2 of that order provides that—

"except in the exercise of a right of reply or otherwise provided by the rules or standing orders, no member shall speak more than once to any motion except with the permission of the President for the purpose of making a personal explanation, but in that case no debatable matter be brought forward".

and clause 3 provides that—

"a Member who has moved a Motion may speak again by way of reply and if the Motion is moved by a non-official Member, a Member of the Government to whose department the matter relates shall have the right of speaking (whether he has previously spoken in the debate or not) after the Mover has replied".

In case of resolutions, bills and other motions the above stated procedure shall apply and any Member may, subject to the rules and standing orders, move amendments, but it must be noted that when an amendment is moved, it has been held by both the Houses of the Indian Legislature that the Mover of an amendment shall have no right of reply. In the same way it should be noticed that under Chapter 6 no provision is made to enable the Mover of the Motion for adjournment of the House to claim a right of reply. In Vol. VI, Part I in the report of the Legislative Assembly Debates, page 194, where, on a point of order taken after the Mover had replied preventing the Member of Government to reply the President held that—

"as Mr. Jinnah has been allowed to reply on the Motion for Adjournment the Honourable the Finance Member should not be allowed to reply",

but the President held that the Honourable the Finance Member has the last word by way of reply and was therefore in order. Later on, on the 25th February, 1926, the late Mr. Patel, the President, said that—

"there is no special procedure prescribed governing the right of reply in regard to Motions for Adjournment. The ordinary procedure applicable to all other motions apply to Motions for Adjournment in the matter of the right of reply".

He therefore allowed the right of reply to the Mover of the Motion and also to the Government Member. It will be seen that the decision in that case was based by Mr. Patel not on any special reasoning or pleading, but on the ground of the ordinary procedure applicable to all other motions. The correctness of this decision is liable to be questioned on the ground why a similar right is withheld in case of amendments despite the provisions made in Standing Order 31. The late Mr. Patel must have had some doubt about the correctness of his previous decision because when a similar question came up again before his House on the 24th September, 1929 he did not base his ruling on the ordinary procedure prescribed under rules and standing orders, but he curtly remarked when a point of order was raised that the Mover with the permission of the Chair was entitled to speak a second time. It will appear that he tactfully avoided the point at issue and relied on the general authority of the Chair. In the Council of State I am not aware of any recorded decision except one which was delivered by its first and distinguished President Sir Alexander Muddiman on 27th July, 1923, which I have already referred to holding positively that the Mover of a Motion for Adjournment has no right of reply. He again raised a point of order when he was a Member of the Legislative Assembly and holding the post of Home Member, that the Mover was not entitled to a right of reply and from the very fact that he again raised such a point of order, I am privileged to infer that he had not given any other decision in the Council of State holding to the contrary that the Mover had the right of reply (*vide* Legislative Assembly Debate, Vol. VII, part 2, page 1868). Sir Alexander

[Mr President.]

Muddiman was succeeded in the Council of State by two other distinguished civilians Sir Montagu Butler and Sir Henry Moncrieff Smith. As far as I remember they never allowed the Mover of an Adjournment Motion the right of reply nor did any Member claim that right owing to the previous decision of Sir Alexander Muddiman. There has been many occasions in the Legislative Assembly on which the Mover of an Adjournment Motion has exercised his right of reply. But on such occasions the point of order was not raised, nor any official ruling was given (*vide* Legislative Assembly Debates, 7th March, 1939, page 1691, and Legislative Assembly Debates, 27th February, 1939, page 1564). It is apparent, therefore, that these replies were allowed on the assumption or understanding that the Mover had a right of reply without formal adjudication of the question by the President.

I have given my very careful consideration to this important question and though always inclined in support of a free right of speech on all occasions permissible, I have come to a decision that it would be inadvisable and not practicable to give the Mover of an Adjournment Motion an absolute right of reply because that would frustrate the purpose and intent of our Standing Order 23 and cause complications in different ways. Under the Standing Order 23 if the debate is not concluded within two hours it shall automatically terminate and no question shall be put. Ordinarily under Standing Order 22 the debate is supposed to take place at 4 P.M. and is to last uninterruptedly for two hours provided there are speakers ready to take further part in the debate. If after one hour and fifty-five minutes of discussion no other Member rises to speak and the Mover of the Motion claims his right of speech what would happen? If he is allowed to speak at 5-55 P.M., the debate shall automatically terminate at 6 P.M. and the Member in charge of Government would not be in a position to reply to fresh remarks made by the Mover of the Adjournment Motion. Further, if many other Members who have not spoken within two hours, the time prescribed, would it be fair to allow the Mover to make a second speech and stifle the debate and debar the other Members from ventilating their views? This would not be fair as the Mover would have an opportunity of making two speeches while the other Members who were anxious to address the House were unable to do so. Again, it may reasonably be asked at what stage of the debate the Mover would be entitled to exercise his privilege of reply. To concede to the Mover of the Motion an absolute right to reply would cause confusion and the very fact that in Chapter 6 no special provision has been made for conceding a right of reply to the Mover in my opinion distinctly proves that the framers of the standing orders and rules had no such intention of giving a right of reply to the Mover. As it has never been the practice of the Council of State under the presidency of my distinguished predecessors I propose to stick to the view which has been tacitly and silently observed all these years that the Mover of the Adjournment Motion cannot claim the right of reply. I may point out that the occupant of the Chair has always the inherent privilege to allow a second speech when ever he thinks it necessary, and in the interest of fair play and justice and though I have come to the distinct decision that this right of reply cannot be ordinarily claimed by any Member following the precedent of the late Mr. Patel I may allow a right of reply when I see that certain new and important matters have been introduced by any subsequent speaker. I may also state that ordinarily it is urged that the Mover of an Adjournment Motion ought to have a right of reply and this may be true under certain circumstances, but the question in my opinion generally depends on the Standing Orders. As Honourable Members are aware that the Standing Orders of some Councils and Assemblies expressly provide that the

Mover has or has no right of reply. The question also depends on the interpretation of the words "substantive motion" which occurs in some Standing Orders, *e.g.*, Standing Order 31 (3) of the Madras Council. A Motion which will be considered a substantive motion in the House of Commons has not been so treated in India. In this country the original motion has been often regarded as a substantive motion as distinguishable from the motion proposing an amendment.

It is contended that the terms of Standing Order 31 (3) are quite clear in regard to the right of reply by the Mover and that therefore this right ought not to be refused. It is therefore necessary to enquire the terms of the Standing Order on this matter when Sir Alexander Muddiman gave his decision on the 27th July, 1923, when I myself was the Mover of an Adjournment Motion and I was refused the right of reply by that President. When the Indian Legislature was constituted on the present basis in 1920, in pursuance of the Government of India Act the Governor General was pleased to make the first Standing Orders for the Council of State as well as for the Legislative Assembly. By Notification No. 165, dated the 16th December, 1920, Standing Orders were framed for the Council of State and the Standing Order 31 which was then framed resembles in language word by word to Standing Order 31 which now finds place in the Manual of Business and Procedure in the Council of State. Clause 3 of that Order refers to the right of reply and it may therefore be said that in spite of the general rule prescribing the procedure of debate, Sir Alexander Muddiman definitely held that the Mover of an Adjournment Motion had no right of reply. It may safely be assumed therefore that Sir Alexander Muddiman who had taken a significant part in framing the first Standing Orders and Rules under Notification No. 165 referred to above could not have been unaware of the existence of the then Standing Order 31 (3).

It is also necessary to consider what would be the position of the Mover of an Adjournment Motion as regards his right of reply where a closure of the debate has been moved under Standing Order 33. Under that Standing Order any Member is entitled to make a Motion of Closure and unless it appears to the President that the Motion is an abuse of the rules or standing orders or an infringement of the right of a reasonable debate, the President shall grant his request and put the Motion "That the question be now put". It will appear therefore that it is purely a matter of the President's discretion, but it must be conceded that if the President accepts the Motion of Closure and puts it before the House and the Motion is accepted it would perhaps be unreasonable to prevent the Mover of the Motion to reply before the time limit of two hours has expired.

It would be interesting at this stage to take a brief survey of the practice and procedure prevailing in the House of Commons. As I could not obtain sufficient information on the subject from May's Parliamentary Practice, I requested my esteemed friend the Right Honourable Sir Edward FitzRoy, the distinguished Speaker of the House of Commons, and the Joint President of the Empire Parliamentary Association, United Kingdom Branch, to enlighten me on the subject, and under his instruction the Clerk of the House of Commons Sir Gilbert Campion was good enough to send me the necessary information. He informs me that there is no provision in the House of Commons nor any rule or standing order similar to our Standing Order 23 directing that the debate on a Motion for the adjournment of the House shall automatically terminate if it is not concluded within two hours and that no question shall be put. Ordinarily, the right of the Mover of a Motion in the House of Commons for the adjournment of the House to reply is based on the general or conventional practice of debate, and is not based on any definite

[Mr. President.]

standing order authorising the Mover to claim a right of reply. Of course, there the Mover of a substantive Motion for the adjournment of the House, i.e., one made when no other question is under debate, is entitled to reply at the close of the debate on the Motion. In practice however he has seldom the opportunity of exercising the right as he cannot exercise the right until all the Members who desire to speak on the question have done so and it is a rare occurrence for every Member who wishes to speak to have done so before the hour arrives at which under Standing Order No. 1 the Speaker interrupts any business then under consideration. This is especially the case as regards Motions made by non-official Members for the adjournment of the House for the purpose of discussing a definite matter of urgent public importance. It will appear from the above that we cannot obtain any conclusive information on the subject from the practice and procedure prevailing in the House of Commons as that practice is based on rules, standing orders, and conventions in many cases entirely different from the practice of the Indian Legislature. There, too, except on occasions when a reply is permitted it is a rule, strictly observed in both Houses, that no Member shall speak twice on the same question, unless he speaks to explain some part of his speech which may have been misunderstood, but he is not permitted to introduce new matter and the right of reply is accorded to the Mover of a substantive Motion for the adjournment of the House either because of the convention, rules and standing orders or the exigencies of the situation permitting such a right.

And finally in order that there may be no misunderstanding on the subject I will summarise my conclusions fully stated above precisely in the following terms : In the first instance, I hold that the Mover of an Adjournment Motion cannot claim an absolute right of reply, but he may be allowed a right of reply in certain circumstances provided there are no other Members willing to take part in debate. If there are other speakers and the debate is kept up for a period of two hours it will automatically terminate. If the debate collapses before two hours, and if there are no other Members willing to address the House on the subject, the Chair may allow the Mover of the Adjournment Motion the privilege of replying to the debate and in that case the Government Member shall also be allowed to speak again whether he has previously spoken or not, but if two hours elapse in the course of such discussion the debate shall also automatically terminate. Thirdly, in case where a Motion for Closure has been moved and accepted by the House, it will be in the discretion of the Chair to allow the Mover of the Motion a reply before putting the question to the House. Fourthly, if the debate has collapsed and the Mover of the Motion and the Government Member have addressed the House by way of reply and if the period of two hours has not expired the Chair shall put the Motion to the vote of the House unless the Mover withdraws the Motion with the leave of the Council. During the time I have the honour to occupy the Chair, I shall adopt the above conclusions in considering whether I should permit the Mover of the Adjournment Motion a right of reply.

PARSI MARRIAGE AND DIVORCE (AMENDMENT) BILL.

THE HONOURABLE MR. M. N. DALAL (Bombay : Non-Muhammadan) :
Sir, I beg leave of the House to move—

“ That the Bill to amend the Parsi Marriage and Divorce Act, 1936, be referred to a Select Committee, consisting of the Honourable Sir David Devadoss, the Honourable Rai

Bahadur Lala Ram Saran Das, the Honourable Sir Ramunni Menon, the Honourable Mr. Hossain Imam, the Honourable Mr. R. H. Parker, the Honourable Mr. Shantidas Askuran, the Honourable Mr. Shavax A. Lal, and the Mover ; three members to form a quorum, and the Select Committee to report by the 29th February, 1940.”

Sir, from the opinions received on this Bill, Honourable Members will see that this Bill has the support of the majority of the Parsi community and of some very eminent High Court Judges. Some constructive suggestions have been made which will no doubt be taken into consideration by the Select Committee.

Sir, with these words, I move.

The Motion was adopted.

STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member) : Sir, I move :—

“ That this Council do proceed to elect, in such manner as the Honourable the President may direct, two Muslim Members to serve on the Standing Committee on Pilgrimage to the Hejas, *vice* the Honourable Khan Bahadur Syed Ihtisham Hyder Chaudhury and the Honourable Haji Syed Muhammad Husain, whose term of membership has expired.”

THE HONOURABLE THE PRESIDENT : With reference to the Motion which has just been adopted by the Council, I have to announce that nominations to the Committee will be received by the Secretary up to 5 P.M. on the 29th February, 1940, and the date of election, if necessary, will be announced later.

The Council then adjourned till Half Past Five of the Clock on Thursday, the 29th February, 1940.

COUNCIL OF STATE.

Thursday, 29th February, 1940.

The Council met in the Council Chamber of the Council House at Half Past Five of the Clock, the Honourable the President in the Chair.

PARSI MARRIAGE AND DIVORCE (AMENDMENT) BILL.

THE HONOURABLE MR. M. N. DALAL (Bombay : Non-Muhammadan) :
Sir, I beg to present the Report of the Select Committee on the Bill to amend the Parsi Marriage and Divorce Act, 1936.

STATEMENTS, ETC., LAID ON THE TABLE.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I lay on the table copies * of the—

- (1) Central Government Appropriation Accounts (Civil), 1938-39 and the Audit Report, 1940.
- (2) Central Government Finance Accounts, 1938-39 and the Audit Report, 1940.

PRESENTATION OF THE GENERAL BUDGET FOR 1940-41.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I have the honour to present to the House the revised estimates of revenue and expenditure of the Governor-General in Council in respect of subjects other than railways for the year 1939-40, and the corresponding estimates of revenue and expenditure for the year 1940-41. In the peroration of his speech introducing the Budget for the current year Sir James Grigg said :

“ For India, as for the rest of the world, the future is much more important than the past. The political situation has many menacing features both in India and outside ”.

Since those words were uttered a year ago the catastrophe of war has descended upon a distracted world and India finds herself aligned with those nations which are putting all their strength and all their resources into the struggle for the preservation of those principles and conditions in which alone the ordered and peaceful progress of mankind is possible. We are now at the end of the sixth month of the war, and none can say how long it will continue, how far the sphere of active hostilities will spread, or to what extent India will become directly involved and her general economy affected. But it is certain that anxious and difficult times lie ahead, not only for so long as the war lasts but during the protracted period of post-war readjustment which is sure to follow, and which will be the more serious and trying the longer it is delayed. I would therefore submit, Sir, that it behoves us while doing all that is in our power to assist in bringing the war to a successful

* Not printed. Copies placed in the Library of the House.

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conclusion as early as possible, to exercise foresight in the light of the experiences of the last war and post-war periods by utilising the immediate period of war-time prosperity for conserving our strength and husbanding our resources against the unknown needs of the uncertain future; and the first practical step towards that end would seem to be to ensure that our current requirements are met from current revenues lest we dissipate our strength and impair our credit by living beyond our means.

2. That, Sir, is in brief the general background against which the figures and facts which I have now to place before the House fall to be considered. But before I enter up on this task I must first, in accordance with precedent, complete the picture of the background by giving the actual results of the financial working of the year which closed on the 31st March last. The final figures for 1938-39 showed an improvement as compared with the revised estimates which were placed before the House this time last year to the extent of Rs. 2,01 lakhs, being the combined result of an improvement in revenue amounting to Rs. 1,51 lakhs and a reduction in expenditure on revenue account of Rs. 50 lakhs, thereby reducing the revenue deficit for the year from Rs. 2,65 lakhs as anticipated to the more modest sum of Rs. 64 lakhs. The main variation on the revenue side was in respect of income-tax, the net receipts from which exceeded the revised estimate by as much as Rs. 1,24 lakhs. While the increase over our expectations is gratifying, the margin of difference is greater than the Government are prepared to regard as acceptable notwithstanding the admitted difficulties of estimation under this head towards the close of the year. Steps are therefore being taken to secure greater accuracy by centralising and mechanising the tabulation of income-tax statistics in the office of the Central Board of Revenue, and at the same time to revise their form with a view to enhancing their general usefulness. Meanwhile for the current year the revised estimate has been framed on a basis which takes account of the tendency to under-estimation which past experience has shown generally to occur.

3. The only other large variation as between the actuals and the revised estimate was an improvement in the yield of customs and central excise duties of Rs. 78 lakhs in the last two months of the year. This was due to a sudden improvement in the import trade which in the circumstances existing at the time when the revised estimates were prepared could not have been foreseen. It will be remembered that a variation almost equal in amount but in the opposite direction occurred towards the end of the previous year 1937-38 as the result of an equally unexpected decline in imports. There is, I am afraid, no possibility of guarding against apparent inaccuracies in the revised estimates which are due to sudden reversals of trade tendencies towards the year end.

4. The improvement in income-tax receipts was partially offset by a decline in railway earnings in the last months of the year, which reduced the amount of the railway surplus payable to general revenues by Rs. 68 lakhs. The net result of the larger receipts from income-tax and the reduced railway surplus was that the amount distributable to the Provinces under the Government of India (Distribution of Revenues) Order in Council was increased from Rs. 1,12 lakhs to Rs. 1,53 lakhs. Including arrears of Rs. 38 lakhs due for the previous year 1937-38 the total amount payable for 1938-39 amounted to Rs. 1,91 lakhs. In March 1939 a sum of Rs. 1,50 lakhs was distributed to the Provinces, thus leaving a balance of Rs. 41 lakhs to be paid in the current year 1939-40.

5. I turn now to the consideration of our anticipated revenue and expenditure in the current year. This question naturally resolves itself into an

appreciation of the effect of the war on India's financial and economic structure. Until the outbreak of the war early in September, 1939 there was, apart from a few readily understandable exceptions, little indication of any serious departure from our budget estimates. Thus, for instance, the revenue from customs and central excises, excluding sugar, was coming in steadily and rather better than our estimates, reflecting the gradual improvement in trade conditions which was then occurring. Sugar was contributing a substantially increased revenue for the reason that a partial failure of the Indian cane crop led to a considerable shortage in domestic production with correspondingly increased imports. Income-tax revenue was being realised rather more slowly than usual, but that was due to the temporary dislocation of the income-tax administrative machine consequent upon the changes effected by the Income Tax Amendment Act which was enacted towards the end of last year; there was however every reason to suppose that the leeway would be made good by the end of the year. Then came the war, with the immediate result of a complete stoppage of our import from enemy countries, a serious interruption of imports from the allied countries, and a substantial shortage of shipping. On the other hand, the war undoubtedly provided a great stimulus to the trade of the country. These factors are sufficient to explain the majority of the variations between the budget estimates and the revised estimates for the current year. Customs revenue slumped badly in the months of September and October, but subsequently revived as the demand for our exports brought shipping to our shores. Our revised estimate for Customs, excluding sugar, shows a fall of Rs. 41 lakhs for the year instead of the appreciable increase which would in all probability have been secured but for the war. The total revenue from sugar, taking customs and excise duties together, is expected, for the reasons already given, to exceed the budget estimate of Rs. 4,20 lakhs by Rs. 1,70 lakhs. The heavy speculative demand for silver in the early months of the war has provided customs revenues with a windfall of over Rs. 1½ crores as against one-third of a crore budgetted for. The total receipts from customs and central excise duties combined are expected to amount to Rs. 1,14 lakhs more than the budget estimate, which is much more than accounted for by the two increases which I have just mentioned, *viz.*, those attributable to sugar and silver.

6. The revised estimate for income-tax (including corporation tax) shows an improvement of Rs. 1,55 lakhs of which Rs. 1,11 lakhs goes to increase the distributable pool, thereby raising it to Rs. 13,76 lakhs. Honourable Members are doubtless aware that the amount retainable by the Centre out of the Provincial moiety has, by the recent amendment to the Distribution of Revenues Order in Council, been dislinked from the railway surplus and has been fixed for the three years commencing with the year 1939-40 at the definite figure of Rs. 4½ crores which is approximately what the Centre would have retained according to the budget estimates for the current year. The object of the amendment was to enable the Centre, which has to meet considerable extra expenditure both civil and military in connection with the war, to secure a due share of any improvement in income-tax or railway contribution arising largely out of war-time conditions. The full benefit of the improvement under both these heads would, under the original arrangement, have accrued entirely to the Provinces whose extra expenditure on account of the war is relatively slight, which would have been anomalous in the extreme. As it is, the Provinces will secure half of any increase in the divisible income-tax receipts which may result from the war-time stimulus to trade. According to the revised formula the share of the Provinces for the current year will increase from the budget figure of Rs. 1,78 lakhs to Rs. 2,38 lakhs, so that

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with the arrears of Rs. 41 lakhs due for 1938-39 the amount to be distributed to the Provinces in the current year will be Rs. 2,79 lakhs.

7. In concluding this survey of our revenue prospects for the current year I need only mention briefly that there is an increase in the railway contribution of Rs. 1,48 lakhs and of Rs. 87 lakhs from Posts and Telegraphs, both of which are mainly attributable to abnormally increased traffic following the outbreak of war. Taking our revenue as a whole, the revised estimates show a total net improvement of Rs. 5,08 lakhs as compared with the budget estimates.

8. Coming now to the estimates of expenditure for the current year, those relating to the Defence Services have the first claim on our attention by reason not only of their supreme importance but also of the complicated nature of the issues involved. In the first place it will be readily appreciated that the outbreak of war has fundamentally altered the whole basis on which the proposals of the Chatfield Committee for an ordered and balanced programme for the modernisation of the Army in India were framed. The programme itself had necessarily to be brought under review so as to adapt it to the changed conditions, and the original financial settlement had also to be reconsidered in the light of the higher price level and the disappearance of the greater part of the savings which we had counted upon realising in the earlier years of execution of the scheme. Arising out of the Chatfield scheme is the question of India's joint liability with His Majesty's Government in respect of India's External Defence Forces which are being employed outside India's territorial limits for her external defence. The position is further complicated by the fact that further troops other than those forming part of the External Defence Forces have been and will probably continue to be sent overseas and these troops generally speaking have to be replaced in India. In India itself heavy expenditure has also been incurred in mobilising to full production and in increasing the manufacturing capacity of our ordnance factories for the production of war stores of all kinds and in building up stocks. There is also a very substantial increase in our defence expenditure owing to the putting into force of various war measures, some of which, such as those relating to censorship, port and coastal defence, internment of enemy aliens, etc., are purely Indian liabilities, while others such as the expansion of various recruiting and training organisations, headquarters offices, etc., may be regarded as joint liabilities to be shared between the Indian and Imperial Governments.

In view of these and other complications it became imperatively necessary to secure by agreement with His Majesty's Government a broad scheme of allocation between India and His Majesty's Government of defence expenditure in India which would be fair to both parties yet would avoid the immense accounting difficulties, prolonged controversies over questions of incidence and inevitable delays in final adjustment inherent in any scheme of meticulous apportionment on the lines followed in the last war. The main operative part of the agreement recently reached after prolonged discussions with His Majesty's Government provides that India will bear :—

- (1) a fixed annual sum representing the normal net effective costs of the Army in India under peace conditions, *plus*
- (2) an addition to allow for rises in prices, *plus*

- (3) the cost of such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests, and
- (4) a lump sum payment of one crore of rupees towards the extra cost of maintaining India's External Defence Troops Overseas,

and that the total amount by which the net annual defence expenditure incurred in India during the war years will exceed the aggregate of items (1) to (3) will be recovered from His Majesty's Government.

Item (1) has been fixed at Rs. 36,77 lakhs being the net budget estimate for the Defence Services for 1939-40 after excluding non-effective charges, these latter having been excluded from the settlement with His Majesty's Government. Although it has been calculated in this way, it is in essence not a summation of specific detailed items of expenditure as was the budget estimate but a lump sum adjustment between the Government of India and His Majesty's Government fixed for the duration of the war, and consequently no details are shown against it in the estimates. Item (2) is of course part of the normal cost of maintenance of the Army in India, but has been shown separately from item (1) because its amount is not fixed but will vary with variations in price levels. Item (3) covers specific measures of purely Indian defence which are found to be necessary from time to time, such as the mobilisation of the Indian Territorial and Auxiliary Forces, the expansion of military training facilities, local naval defence arrangements and the establishment of a Volunteer Auxiliary Air Force. Item (4) has been agreed to in pursuance of the principle of India's joint responsibility for her external defence on which the Chatfield settlement was based, and in consideration of His Majesty's Government having agreed to continue to implement the modernisation programme during the war at greatly enhanced cost. The payment will be made this year. On this basis the revised estimates of defence expenditure, assuming that no change in the non-effective charges will be necessary work out as follows :—

	Rs.
(1) Normal peace budget	36,77 lakhs.
(2) Effect of prices on (1)	25 "
(3) Indian war measures	3,86 "
(4) Non-effective charges	8,41 "
Total	49,29 "

There is thus an increase over the budget figure of Rs. 45,18 lakhs of Rs. 4,11 lakhs, out of which Rs. 35 lakhs is due to disturbances in Waziristan and the balance of Rs. 3,76 lakhs represents the effect of the war on our defence expenditure. Allowing for the many relevant factors which I have briefly referred to above I think, Sir, that it will be agreed that the addition to our budget is very moderate and that the settlement which has been reached is favourable to India and reflects a spirit of generosity on the part of His Majesty's Government.

9. I need deal but briefly with the Civil Estimates, the revised figure for which in the current year is Rs. 37,56 lakhs as compared with the budget estimate of Rs. 37,46 lakhs. The small increase of Rs. 10 lakhs is however the net result of a number of fluctuations of considerably greater magnitude. Additional expenditure has had to be incurred on account of the creation of the Department of Supply, the appointment of a Controller of Enemy Firms and

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Custodian of Enemy Property, the internment of enemy subjects, the establishment of a censorship organisation and the formation of the War Transport Board. Considerable payments have had to be made to the Provinces for agency work performed by them or as grants-in-aid for special purposes, such as Air Raid Precautions schemes. Famine relief measures undertaken in Ajmer-Merwara and Delhi will cost us at least Rs. 16 lakhs this year. Interest charges on the other hand are expected to fall below the budget estimate by Rs. 39 lakhs, due mainly to the conversion operations carried out last July and to the lower rates of interest carried by the Post Office cash certificate which are now being encashed.

10. Thus our total expenditure for the year is estimated at Rs. 86.85 lakhs against our total revenue of Rs. 87.76 lakhs, and we anticipate that the nominal surplus of Rs. 3 lakhs originally budgetted for will be converted into a surplus of Rs. 91 lakhs, of which Rs. 86 lakhs will be contributed by the Posts and Telegraphs Department, mainly on account of increased traffic resulting from the war. If we followed the dictates of ordinary commercial prudence the greater part of the Posts and Telegraphs surplus would be constituted into a separate reserve fund, since even though we take it to general revenues we have to pay interest on it and in due course pay it out again to meet any future losses which may be occasioned by the inevitable post-war slump. But as times are difficult it is proposed for budgetary purposes to treat this contribution as a regular revenue receipt in spite of its being in actual fact a future liability, and to transfer the full anticipated surplus of Rs. 91 lakhs on revenue account to a revenue reserve fund so as to make it available for helping out the finances of next year.

11. We can now turn to a consideration of the estimates of revenue for the coming financial year 1940-41. Taking first the combined heads of Customs and Central Excise duties, we have to allow for a reduction of Rs. 90 lakhs in the revenue from sugar below the exceptionally high receipts of the current year since we anticipate an increase in domestic production with a consequent decrease in the volume of imported sugar. We have also to face a decline of Rs. 1.20 lakhs in the customs revenue from silver as it is impossible to expect that the abnormal demand from the market which occurred during the first few months of the year will be repeated next year. Of the remaining heads a certain number may continue unaffected by the war, but in respect of the others we must provide for the continuance during the whole of the coming year of the serious interference with imports which has been actually experienced during the later months of the present year. The effect of this has been calculated to be a drop of Rs. 1.97 lakhs as compared with this year's revised estimates. The total decrease thus comes to Rs. 4.07 lakhs, resulting in next year's estimates being fixed at Rs. 46.00 lakhs. It must however, be emphasised that the realisation of this estimate will depend upon the continuance during the whole of next year of the comparatively favourable conditions in the matter of shipping which we have so far experienced. Should the shipping position deteriorate to any appreciable extent, or should the necessity arise for us to restrict certain classes of imports in the interests of the successful prosecution of the war, the resulting inroads into our customs revenue might easily be substantial. The probability of disturbing factors of this kind materialising cannot be estimated nor, in the event of their materialising, can their effect be calculated. But the margin allowed for such contingencies is not large, and we shall be well content if the course of events enables our estimates to be realised.

12. The yield from taxes on income next year as compared with the revised estimate for the current year is bound to reflect the improvement in trade activity this year over that of last year. Mention has already been made of the fact that the improvement in trade which remained of moderate dimensions throughout the first half of the year jumped to something approximating to boom conditions after the outbreak of war. The extent of the war stimulus can be judged from the facts that in the six months from September the notes in circulation in India increased by over Rs. 54 crores and the rupee coin in circulation by over Rs. 17 crores, giving a total increase of notes and coin in circulation of over Rs. 70 crores; while the Schedule Banks' advances in India at the end of January, 1940 were more than Rs. 40 crores in excess of those of August, 1939 and more than Rs. 30 crores in excess of those of January, 1939. In consideration of these facts we have felt justified in raising the estimate of the yield from all taxes on income for 1940-41 by Rs. 1.41 lakhs over the revised estimates for the current year. Of this increase Rs. 1.24 lakhs goes to swell the divisible income-tax pool, half of which goes to the Provinces whose share is thus expected to reach Rs. 3.00 lakhs as compared with Rs. 2.38 lakhs this year.

13. With your permission, Sir, I would like to mention here, in passing, how the distribution of income-tax revenue to the Provinces has progressed over the four years 1937-38 to 1940-41. In the first two years distribution was governed by the original formula as given in the Order in Council of 1936, and the figures are given on the basis of actuals for those years. In the last two years the formula as revised by the recent amendment to the Order in Council applies, and the figures are the revised estimate and budget estimate respectively. The amounts payable in respect of each of the four years are, in their proper order, Rs. 163 lakhs, Rs. 153 lakhs, Rs. 238 lakhs and Rs. 300 lakhs. But the amount payable in respect of any year is not necessarily paid in that year, since a preliminary payment is made within the year and a final adjustment is made in the following year after the actuals are known. The amounts paid or to be paid in each of the four years are, in the same order, Rs. 125 lakhs, Rs. 150 lakhs, Rs. 279 lakhs and Rs. 300 lakhs. Whichever set of figures is taken, the improvement in the last two years is clear and plain and indicates that the revised formula, while securing the main object for which it was devised, has not operated unfairly to the interests of the Provinces.

14. General revenues are expected next year to receive from the Railways a welcome contribution of Rs. 5.31 lakhs, consisting of Rs. 4.41 lakhs as full contribution for the year under the Railway Convention and Rs. 90 lakhs on account of arrears of contribution for the current year. Rs. 37 lakhs are also expected from the Posts and Telegraphs, the figures of revenue and expenditure for which are as follows:—

	Budget, 1939-40.	Revised, 1939-40.	Budget, 1940-41.
	(In lakhs of Rs.)		
Revenue	11.02	12.48	12.35
Expenditure (including interest charges)	11.63	11.62	11.98
Surplus	—1	86	37

The higher level of receipts is of course largely the result of the abnormal increase of all classes of traffic brought about by the war. The increase, especially in the case of telegraphs and telephones, was particularly marked in the first few months of the war, and that is the reason why

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next year's revenue is expected to be somewhat lower than this year's. The Department deserves to be congratulated on the smoothness and efficiency with which it adapted itself to the changed conditions and successfully met a suddenly inflated demand for its services from Government and from the public with but a very moderate increase in its working expenses. I should mention in this connection that a considerable part of the additional expenditure provided for next year is for the purpose of extending postal facilities in rural areas and for meeting the cost of petty works of a capital nature which, according to previous practice, would have gone to swell the capital account.

15. The net result of the various factors which I have just enumerated and of many others, comparatively minor and far too numerous to permit of specific mention, is that on the basis of existing taxation our total revenue for next year is expected to amount to Rs. 85.43 lakhs as against Rs. 87.76 lakhs in the revised estimates of the current year. I must now deal with the expenditure of 1940-41.

16. The total provision for Defence is Rs. 53.52 lakhs which, on the basis of the settlement with His Majesty's Government to which I have already referred, is made up of :—

	Rs.
(1) Basic normal budget	36.77 lakhs.
(2) Effect of rise in prices on (1)	2.00 "
(3) India's war measures	6.59 "
(4) Non-effective charges	8.16 "
Total	53.52 "

The total extra expenditure to be thrown on the Defence estimates payable by India as a result of the war, after excluding Rs. 20 lakhs included in item (3) on account of Waziristan, is thus Rs. 8.39 lakhs. Honourable Members are aware that considerable extra expenditure directly connected with the defence of India is being met by His Majesty's Government, but I am confident that they will readily appreciate that it would not be in the public interest to disclose either the amount or the objects of such expenditure, which in any case does not affect our budget. One other point which needs to be emphasised is that the budget provision now made covers only such measures as can now be foreseen. A year is a long time to look ahead in these days of kaleidoscopic changes, and it is far from being outside the bounds of possibility that within the year new measures, at present unforeseen and unforeseeable, will be required which may throw considerable additional cost on India's defence budget.

17. The estimates of civil expenditure in 1940-41 amount to Rs. 39.07 lakhs and show an increase of Rs. 1.51 lakhs over the current year's revised estimates, in spite of the fact that special care has been taken to restrict the admission of new proposals to those which might be regarded as virtually unavoidable in the circumstances now obtaining. Nearly half the increase is accounted for by items which are either strictly obligatory or are counter-balanced by increased credits on the revenue side. Examples are, increased expenditure in the Mints and the Currency Note Press necessitated by the rapid increase in the note circulation and the demand for small coin; expansion of the Department of Supply; continuance of famine in centrally administered areas; higher Road Fund allocation in consideration of the increased yield of the petrol tax; and payment to the Coal Mines Stowing Board from the Coal

Cess receipts. The normal provision for the maintenance and repair of Government buildings has had to be restored since the cumulative effect of the past two years' economy cuts in this direction is a degree of deterioration which, if allowed to proceed further, would necessitate a much greater outlay at a later date. Then also it was deemed expedient to restrict the development departments' grants to the extent of crippling their beneficent activities or precluding their natural expansion. This accounts for increased commitments accepted, for example, in respect of the Delhi University and All India Radio. New schemes have been admitted if they were of such a nature as, on a broad view, would assist in the mobilisation of the economic resources of the country or further the successful prosecution of the war. On this ground an additional Rs. 25 lakhs yearly is to be provided for the next seven years for an important expansion programme in civil aviation by which the civil aerodrome organisation will be extended throughout the country, both for defence and for commercial development. Lastly, in view of the importance which is attached to maintaining the continuity of the series of decennial censuses which have been held uninterruptedly since the year 1872, provision has been made for the primary work of enumeration for the next census, which is due in 1941. The questions as to whether, when and to what extent the larger task of compilation will be undertaken has been left over for decision at a later date.

18. The total estimates of expenditure for 1940-41 thus come to Rs. 92.59 lakhs, while, as we have seen, the estimated total revenue on the basis of existing taxation and including the increased railway contribution of Rs. 5.31 lakhs is Rs. 85.43 lakhs. The difference gives a prospective deficit on revenue account of Rs. 7.16 lakhs. Before dealing with the question as to how this deficit is to be made up I must first say a few words about the Government's ways and means position.

19. During the current year the Government of India floated a further combined cash and conversion issue of the 3 per cent. Loan 1963-65 at an issue price of 98. This produced Rs. 15.72 lakhs, of which Rs. 8.24 lakhs represented conversions of the 5 per cent. Loan 1939-44, the balance representing cash and conversions of the 5 per cent. Loan 1940-43. The unconverted part of the 5 per cent. Loan 1939-44 was duly discharged by an increase in our temporary borrowings, but within the space of a few months this increase was substantially reduced by the proceeds of the sales of Government silver. Next year we shall have the option of redeeming the remainder of the 5 per cent. Loan 1940-43, the outstanding balance of which is just under Rs. 19½ crores. Our sterling requirements for this year are down to the extraordinarily low figure of £10½ millions, as against the budget estimate of £27 millions, on account of our being paid in sterling for raw materials and goods produced in India supplied to His Majesty's Government which were paid for by us in rupees in the first instance. Meanwhile with the great improvement in the balance of trade which has taken place during the year the Reserve Bank is making considerable purchases of sterling, the total for the first 10 months aggregating approximately £53 millions. A considerable portion of these sterling acquisitions have hitherto been used as external backing for the expansion of currency in India to which I have referred earlier in this speech. The balance has enabled us not only to reopen the scheme which was previously in operation for the repatriation of Indian sterling non-terminable debt, but also to extend repatriation operations to all Indian sterling loans. The total value of sterling securities acquired so far for the purpose of debt repatriation is approximately £9 millions and the process may be expected to continue during the coming year at an increasing rate to the permanent relief of our remittance programme in future years.

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20. It now remains for me to explain how it is proposed to fill the gap of Rs. 7.16 lakhs between our estimated expenditure for next year and our anticipated revenue. The gap is wide, but not nearly so wide as it would have been but for the assistance which our general revenues next year will receive from our two great commercial departments, the Railways and the Posts and Telegraphs. Similarly, it is entirely due to the larger contributions received from these same departments in the current year that we will start next year with a sum of Rs. 91 lakhs in the Revenue Reserve Fund, which we propose to utilise for revenue purposes during the year. By this means our prospective deficit is reduced to Rs. 6.25 lakhs, and that is the measure of the new tax revenue which will be required next year to balance the budget.

21. The necessity for increasing taxation is always a matter for regret and the task is never pleasant. More often than not it is occasioned by an economic depression which reduces the return from existing sources of revenue below the level required for carrying on the administration of the Government. At such times the economy of the country is at its lowest ebb and its taxable capacity so reduced that new taxation causes a double hardship. The circumstances of today are somewhat different. Additional revenue is now required to meet the additional expenditure necessary for purposes of defence. This is a feature which is not peculiar to India but is common to almost all nations of the earth, whether belligerent or neutral, as a result of the spirit of ruthless, unprovoked aggression which is now rampant abroad. The incidence of a war economy is far from being equal on all classes. To some it means suffering and bereavement; to others, hardship and poverty; to yet others nothing more than a slight reduction in their standard of living, while to a favoured few it means prosperity beyond the normal. Let me not be misunderstood. I am neither casting nor desirous of casting any reflection whatsoever on this latter class of persons. There is no reason why I should. Their increased activities are adding to the general prosperity of the country, and in many cases they are performing a service to mankind in quickening the supply of goods and commodities vitally required by those nations which are directly engaged in fighting the forces of aggression. But the plain fact remains that they are in the fortunate position that the war, which has brought additional burdens to the country and therefore to the community at large, has brought to them additional profits. It is therefore but natural and, I would submit, in the interests of the general taxpayer inevitable, that in seeking the additional revenue they require the Government should turn first to this class of persons. Their proposals to that end are embodied in the Excess Profits Tax Bill which is now before the Legislative Assembly, and which will in due course be brought before this House. I will therefore say nothing further about the measure at this stage, Sir, except to observe that so far as I can see it is based on a principle whose equity is unchallengeable and whose logic is inescapable.

22. As to the yield of the Excess Profits Tax, it is only possible to estimate it in the roughest possible way. From its very nature anything like precise calculation is impossible. The experience of 1919 affords us little guidance, since on the one hand the tax was then not imposed until after the war, by which time the war-time expansion of the profits of trade and industry had reached its peak and prices had soared to an inflated level. On the other hand, industry in India at that time was not quite so broad based as it is now. The Excess Profits Tax in its application to companies falls under the head of corporation tax, and so the entire receipts from companies will accrue to the Centre. In its application to assesses other than companies the tax rank

as a tax on income and the proceeds will be divided equally between the Centre and the Provinces. But since the amount of Excess Profits tax paid is deducted from the income assessable to income-tax and super-tax, there will be a reduction in the yield of these latter taxes. So far as the Provinces are concerned, we calculate that in 1940-41 the two factors will mutually cancel each other, leaving the amount distributable to the Provinces unchanged at Rs. 3.00 lakhs. So far as Central revenues are concerned, after a careful consideration of this difficult problem in all its aspects, we have decided to fix the estimated yield in 1940-41 at a net additional Rs. 3.00 lakhs, after allowing for the effect on income-tax and super-tax.

23. We are still left with a gap of Rs. 3.25 lakhs, and no alternative for dealing with it but to make new demands to this extent on the general taxpayer. The formulation of proposals which will operate most fairly in their incidence is not an easy one. Ordinary income-tax is no longer a purely Central source of revenue, but a divided head. The constitution, while providing for a Central surcharge, permits, its imposition only after all other practicable means of balancing the budget have been explored. Moreover it is only a year since the incidence of income-tax over the higher ranges of income was considerably enhanced. For the present, therefore, this avenue has been abandoned until more pressing needs compel resort to it. The main objection to indirect taxation is of course its regressive character, but the force of the objection varies enormously according to the commodities which are made the subject of taxation. Having due regard to all these factors, it has been decided to increase the excise duty on sugar from Rs. 2 to Rs. 3 a cwt., and to increase the duty on motor spirit from 10 annas to 12 annas a gallon. Neither of these articles enters into the normal consumption of the poorest classes; and therefore, as additional revenue has to be raised, our proposals may not unreasonably be regarded as the least burdensome method of securing it that can be devised. Complaints will doubtless be made that we are placing a further obstacle in the way of the development of road transport; but an increase in the duty on motor spirit is not an unusual feature of war-time finance, and it is relevant to remember in this connection that railway fares and freights have also been enhanced. The increase in the sugar excise duty, together with the corresponding increase in the import duty which under the Customs Tariff Schedule will automatically follow, is expected to produce Rs. 1.90 lakhs, while the additional 2 annas per gallon on petrol should bring in Rs. 1.40 lakhs, thus giving a total of Rs. 3.30 lakhs. The final figures for the year 1940-41 thus become :—

	Rs.
Revenue	92.64 lakhs.
Expenditure	92.59 "
Surplus	5 "

24. My task, Sir, is now done, and in conclusion I would like merely to revert to the theme on which I began this speech and beg Honourable Members to regard the Budget as a whole in its proper perspective against the background of the world situation as it is now and as, if history repeats itself, it will be in the future. The world is passing through a terrible ordeal from which India could not isolate herself even should she wish to do so and to contribute nothing towards the overthrow of the spirit of naked force and brutal aggression which precludes the very possibility of peace and goodwill, confidence and trade as between nation and nation. The exigencies of national defence are paramount and none can tell what demands they will yet make in the anxious times that lie ahead. India has been fortunate in that the additional burdens falling

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upon her have so far been relatively light and not beyond her capacity to bear. But that can afford no guarantee for the future, and it is, I submit, Sir, our clear duty to accept with courage and fortitude those sacrifices which these early days require of us so that our resources may be conserved for the greater efforts that may yet be required of us in the interests of our national security and in the cause of peace and progress.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, I suggest that the House should meet again on Monday, the 4th March which, as the Honourable Members are aware, has been allotted for non-official business.

I propose that the following Bills which have been laid on the table be taken up for consideration on Tuesday, the 5th March :—

- (1) The Trade Marks Bill.
- (2) The Indian Coinage (Amendment) Bill.
- (3) The Factories (Amendment) Bill.
- (4) The Reserve Bank of India (Closing of Annual Accounts) Bill.
- (5) The Indian Emigration (Amendment) Bill.
- (6) The Reserve Bank of India (Amendment) Bill.
- (7) The Arbitration Bill.

The Council then adjourned till Eleven of the Clock on Monday, the 4th March, 1940.

COUNCIL OF STATE.

Monday, 4th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

AVERAGE PRICES OF WHEAT, COTTON, SUGAR, ETC.

15. THE HONOURABLE SARDAR BUTA SINGH: Will Government state the average prices of wheat, cotton, sugar, gur and oil-seeds, which prevailed before the depression period and which prevailed from 1929 to 1939 each year separately?

THE HONOURABLE SIR ALAN LLOYD: A statement showing such information as is readily available in respect of the years 1928 to 1939 is laid on the table.

Statement showing the average wholesale prices of wheat, cotton, sugar, gur, oilseeds—linseed and groundnuts for the years 1928 to 1939.

Commodity and Market.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	1935.	1936.	1937.	1938.	1939.	Remarks.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
Wheat (2% barley 14% dirt) (Lyalpur).	4 13 10	4 15 9	2 15 7	1 14 6	2 8 10	2 13 2	2 1 4	2 5 0	2 10 3	3 5 1	2 4 0	2 8 0	
Cotton, raw (M. G., F. G., Broach).	367 2 8 391	5 4 231	13 0 181	5 4 196	14 8 194	9 8 206	11 0 229	7 0 211	3 8 208	2 8 159	5 4 176	1 4	
Sugar (Dobarrah Deah) (Calcutta).	21 12 1	21 8 3	21 8 9	16 7 4	17 10 10	15 1 8	15 0 1	15 14 3	15 13 11	14 7 11	16 12 3	18 1 7	Calcutta prices current.
Gur (Valley) (Calcutta).	8 1 4	8 12 3	7 12 9	6 0 3	5 1 10	4 5 1	4 5 11	4 7 0	3 6 0	2 13 0	4 10 6	6 10 8	Calcutta prices current.
Oil Seeds—Linseed (Bombay).	10 5 7	11 14 3	10 11 3	6 9 4	6 1 7	6 1 7	6 6 9	6 10 6	7 6 1	7 14 8	7 5 6	7 11 0	
Groundnuts (machine deorthicated) (Madras).	57 9 8	49 5 2	38 15 4	28 2 0	35 1 10	25 15 5	21 12 6	35 11 3	35 5 8	33 5 3	24 12 2	27 8 9	

STANDARD PRICES OF WHEAT, COTTON, SUGAR, ETC.

16. THE HONOURABLE SARDAR BUTA SINGH : Had the Government any standard price in view, a decline from which was registered, due to depression ? If so, what is the standard price for wheat, sugar, gur, cotton, rice and oil-seeds ?

THE HONOURABLE SIR ALAN LLOYD : The answer to the first part of the question is in the negative, the second part does not arise.

REGULATION OF PRICES OF AGRICULTURAL PRODUCE.

17. THE HONOURABLE SARDAR BUTA SINGH : Will Government state the basis on which prices of agricultural produce are to be regulated and the data for fixing this basic price ?

THE HONOURABLE SIR ALAN LLOYD : The information asked for is contained in condition (d) (i) of the Notification of the Government of India in the Department of Commerce, No. 20-W. (1)/39, dated the 29th September, 1939, to which the attention of the Honourable Member is invited. I may add that it was suggested at the Second Price Control Conference held at New Delhi recently that the control of prices in primary wholesale markets, as and when it was desirable, should vest in the Central Government. The Central Government have not so far fixed the prices in any primary wholesale market. As regards the fixing of prices in subsidiary wholesale and retail markets, under the terms of the Notification referred to, the Provincial Governments can only fix these prices in such a way as to keep them related to the prevailing prices in primary wholesale markets whether these latter prices are regulated by the Central Government or not.

NOMINATION OF SIKHS TO THE INTERVIEW AND RECORD BOARD WHICH INTERVIEWS CANDIDATES FOR THE INDIAN MILITARY ACADEMY.

18. THE HONOURABLE SARDAR BUTA SINGH : Will Government state whether any representative of Sikhs has been given a place on the Selection Board for selecting candidates for Indian Military Academy ? If none, for how many years no Sikh has had a place on the Board ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : Sikhs have in the past been nominated to the Interview and Record Board which interviews candidates for the Indian Military Academy. The last occasion on which a Sikh was appointed was April, 1938.

AGRICULTURAL CREDIT DEPARTMENT OF THE RESERVE BANK OF INDIA.

19. THE HONOURABLE SARDAR BUTA SINGH : Will Government state the specific duties of the Rural Department of the Reserve Bank of India and what has been the practical result of its work in promoting rural credit since the formation of the Department ?

THE HONOURABLE MR. C. E. JONES : The Honourable Member is apparently referring to the Agricultural Credit Department of the Reserve Bank and his attention is drawn to section 54 of the Reserve Bank of India Act, the statutory report submitted by the Bank under section 55 (1) of the Act, and the annual reports of the Bank, copies of which are available in the Library.

REPRESENTATION OF AGRICULTURAL INTERESTS ON THE CENTRAL BOARD OF DIRECTORS OF THE RESERVE BANK OF INDIA.

20. THE HONOURABLE SARDAR BUTA SINGH: Are agricultural interests represented on the Board of Directors of the Reserve Bank of India and on its governing body? If so, how?

THE HONOURABLE MR. C. E. JONES: Appointments to the Central Board of Directors of the Reserve Bank are made as provided for in section 8 of the Reserve Bank of India Act and not on the basis of giving representation to particular interests. The attention of the Honourable Member is also invited to the proviso to sub-section (1) of section 9 of the Act.

APPOINTMENT OF DEPUTY GOVERNOR OF THE RESERVE BANK OF INDIA.

21. THE HONOURABLE SARDAR BUTA SINGH: Is the post of the Second Deputy Governor of the Reserve Bank of India still vacant? How long will this vacancy remain unfilled?

THE HONOURABLE MR. C. E. JONES: Yes.

As regards the second part, the Government are not in a position to furnish the information asked for.

OLD TYPES OF AEROPLANES WITH THE AIR FORCE.

22. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state whether the aeroplanes of the Air Force stationed in India mostly comprise of those which are out of date and were not wanted by the Royal Air Force outside India?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): No.

ESTABLISHMENT OF FLYING TRAINING SCHOOLS.

23. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state whether they are contemplating the establishment in India of Flying Training Schools similar to those in Canada for training pilots?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): No.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask why?

THE HONOURABLE MR. A. DEC. WILLIAMS: Because it is too expensive.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is any alternative arrangement under contemplation for training pilots?

THE HONOURABLE MR. A. DEC. WILLIAMS: No alternative arrangement is under contemplation because an alternative arrangement is already in operation. Other methods of training are being employed at the moment.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Would the Honourable Member tell us what the other methods are?

THE HONOURABLE MR. A. DEC. WILLIAMS: It is a little difficult to do so within the compass of an answer to a supplementary question, but I can do so to a certain extent. A regular squadron is at the moment being employed for flying training. A certain number of officers are being trained at a flying school outside India and also flying clubs are being utilised for preliminary training and for some advanced training including night-flying and aerobatics.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Which flying school outside India are Indian pilots being trained at? Is the Honourable Member referring to the Empire Air Training Scheme?

THE HONOURABLE MR. A. DEC. WILLIAMS: It is not in the public interest to answer that question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: To ask that question or to answer it?

THE HONOURABLE MR. A. DEC. WILLIAMS: Neither, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Can the Honourable Member tell us what is the number of Indians who are receiving training outside India?

THE HONOURABLE MR. A. DEC. WILLIAMS: I am afraid I shall have to disappoint the Honourable Member on a number of occasions if he persists in asking for numbers.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I take it that the number of Indians is negligible.

ARMY IN INDIA RESERVE OF OFFICERS.

24. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state whether the Defence Department is asking the Army in India Reserve of Officers to resign their present commissions if they aspire for Emergency Commissions? If so, why?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): The whole of the Army in India Reserve of Officers, which is divided into a number of categories, has not been called up. Amongst those not yet called up, there are some who are anxious to serve immediately, and it has accordingly been decided to allow them to offer themselves for selection as Emergency Commissioned Officers. If selected, they must resign their A. I. R. O. commissions.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The second part of my question has not been answered by the Honourable Member as to why this is so? What are the reasons which should necessitate the present Commission-holders to resign their appointments for the sake of temporary appointments.

THE HONOURABLE MR. A. DEC. WILLIAMS: One reason is an officer cannot hold two Commissions at once. Another reason is that before they receive their Emergency Commissions they must become cadets at Belgaum school for training and a Commissioned officer cannot be a cadet.

NAMES OF GAZETTED OFFICERS IN THE SUPPLY DEPARTMENT.

25. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Will Government give the names of the gazetted officers in the Supply Department, stating in the case of each officer his position and total emoluments including all allowances before his appointment or transfer to the Supply Department and now?

THE HONOURABLE MR. H. DOW: I lay on the table a statement giving the required information.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Could the Honourable Member tell me what is the number of gazetted officers in the Supply Department and what is the number of officers whose salaries have been increased?

THE HONOURABLE MR. H. DOW: Well, Sir, the statement which I have laid on the table comprises four pages and I am afraid that I am not quick enough in mental arithmetic to do that.

Statement showing the names of the gazetted officers in the Department of Supply, their position and total emoluments, including all allowances, before appointment or transfer to the Department of Supply and at present.

Serial No.	Name.	Designation before joining the Department of Supply.	Total emoluments including all allowances before appointment or transfer to the Department of Supply.	Designation in the Department of Supply.	Present emoluments including all allowances.	Remarks.
1	2	3	4	5	6	
			Rs. A. P.		Rs. A. P.	
1	The Honourable Mr. H. Dow, C.S.I., C.I.E., I.C.S.	Secretary, Government of India, Department of Commerce.	4,000 0 0	Director General	5,000 0 0	
2	Mr. R. W. Targett	Chief Controller, Indian Stores Department.	3,200 0 0	Controller of Purchase.	3,500 0 0	
3	Lieut.-Colonel E. Wood, M.C.	Officer Commanding, 7th Rajput Regiment.	2,070 0 0	Secretary	3,177 12 0	
4	Mr. J. A. Mackeown, I.C.S.	Deputy Secretary, Government of India, Legislative Department.	2,400 0 0	Deputy Secretary	2,500 0 0	
5	Mr. M. Ikramullah, I.C.S.	Deputy Indian Trade Commissioner, London.	1,500 0 0	Deputy Secretary	1,900 0 0	
6	Mr. S. Bhoothalingam, I.C.S.	Sub-Collector and Joint Magistrate, Madanpalle Division, Madras.	900 0 0	Under Secretary	1,350 0 0	
7	Rai Sahib Dip Chand	Administrative Officer, Office of the Controller of Broadcasting, All-India Radio.	1,000 0 0	Under Secretary	1,200 0 0	
8	Mr. J. Byrne	Chief Superintendent, P.S.O.C. (I) Sectt.	680 0 0	Assistant Secretary.	1,000 0 0	

Statement showing the names of the gazetted officers in the Department of Supply, their position and total emoluments, including all allowances, before appointment or transfer to the Department of Supply and at present—contd.

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COUNCIL OF STATE

[4TH MAR. 1940]

Serial No.	Name.	Designation before joining the Department of Supply.	Total emoluments including all allowances before appointment or transfer to the Department of Supply.	Rs. A. P.	Designation in the Department of Supply.	Present emoluments including all allowances.	Remarks.
1	2	3	4	5	6	7	
9	Mr. L. N. Flatt	Deputy Chief Controller, Indian Stores Department.	2,927 12 0	Director, Engineering.	2,977 12 0		
10	Lieut.-Colonel T. H. Battye	Secretary, P.S.O.C. (I.) Sectt.	1,325 0 0	Director, Administration.	1,325 0 0		
11	Mr. D. C. Meik	.....	...	Deputy Director, Administration.	800 0 0	Direct recruitment.	
12	Lieut.-Colonel C. Preedy, O.B.E., R.E.	Technical Officer (Eng.) P. S. O. C. (I.) Sectt.)	1,300 0 0	Director, Indents and Priority.	1,300 0 0		
13	Major J. R. Marriott	Special Unemployed List (Indian Army).	*611 2 0	Deputy Director, Indents and Priority.	1,530 0 0	*Special employed List pay.	
14	Mr. D. M. Pasmore	.....	...	Director, Control	2,250 0 0	Direct recruitment.	
15	Mr. C. T. G. Hooper	.....	...	Deputy Director, Control.	1,500 0 0	Direct recruitment.	
16	Mr. A. G. Grant, M.B.E., M.C.	Technical Officer (Assistant Eng.) P.S.O.C. (I.) Sectt.	800 0 0	Technical Officer (Engineer).	1,100 0 0		

17	Mr. P. R. Örerar, B.Sc., A.I.C.	Technical Officer (Assistant Chemist) P.S.O.C. (I.) Sectt.	1,200 0 0	Technical Officer (Chemist).	1,200 0 0		
18	Mr. S. S. Venkatakrishnan	.....	...	Assistant Technical Officer.	250 0 0	Direct recruitment.	
19	Lieut.-Colonel H. P. Radley	Assistant Secretary, P.S.O.C. (I.) Sectt.	1,200 0 0	Director Development.	1,200 0 0		
20	Mr. F. G. S. Martin, M.C.	Controller of Stores, E. I. R.	2,809 0 0	Controller of Supplies, Bengal.	3,059 0 0		
21	Lieut.-Colonel J. L. G. Harvey	Indian Army Ordnance Corps	1,505 0 0	Deputy Controller of Purchase (Jute).	1,950 0 0		
22	Mr. E. C. Forbes, D.S.O.	.....	...	Deputy Adviser to Government, Woollen Industry.	2,000 0 0	Direct recruitment.	
23	Mr. John Podger	.....	...	Government Mica Inspector	1,500 0 0	Direct recruitment.	
24	Mr. W. E. Flewett, I.F.S.	Joint Timber Advisory Officer	2,050 0 0	Chief Timber Inspection Officer.	2,050 0 0		
25	Mr. E. W. F. Johnson	Indian Ordnance Service (Retired)	...	Production Engineer.	1,500 0 0		
26	Mr. J. Stuart Williams	.....	...	Assistant to the Adviser on Engineering Supplies.	1,000 0 0	Direct recruitment.	
27	Mr. C. J. Rusby	Offg. Chief Superintendent, P.S.O.C. (I.) Sectt.	600 0 0	Superintendent	600 0 0		
28	Mr. T. V. Siva	Head Clerk, M. E. S.	187 8 0	Superintendent	500 0 0	(Provisional.)	

QUESTIONS AND ANSWERS

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NAMES OF OFFICERS APPOINTED TO ACT AS ADVISERS OR LIAISON OFFICERS IN THE SUPPLY DEPARTMENT.

26. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Will Government state the names of the officers appointed as Controllers or Liaison Officers in connection with various industries or businesses by the Supply Department ? How many of them are Indians and how many Europeans ?

(b) What are the terms of their appointment and the scope of their duties ?

(c) With what firms or companies were they connected before their appointment and with what firms or companies are they now connected ?

THE HONOURABLE MR. H. DOW : (a), (b) and (c). Government have up to now appointed six European and one Indian businessman to act as Advisers or Liaison Officers between the Department of Supply and different industries. They advise the Department on all matters concerning the particular industry with which they are connected. Their services are given in an honorary capacity without any remuneration. Their names and the firms with which they were and are still connected are as follows :—

1. Mr. J. C. Mahindra, Messrs. Tata Iron and Steel Co., Ltd., Bombay.
2. Mr. P. S. Macdonald, Messrs. Thomas Duff & Co., Calcutta, and President of the Indian Jute Mills Association.
3. Mr. P. F. S. Warren, Messrs. Jessop & Co., Ltd., Calcutta, and Vice-Chairman of the Indian Engineering Association.
4. Mr. A. C. Inskip, Messrs. Cooper Allen & Co., Cawnpore (British India Corporation Ltd.) and Chairman of the Tanner's Federation of India.
5. Mr. W. R. Watt, The British India Corporation, Ltd., Cawnpore.
6. Mr. L. C. Buss, Messrs. Burmah Shell Oil Storage and Distributing Co., Ltd., New Delhi.
7. Mr. A. F. Finlow, Messrs. Imperial Chemical Industries, Ltd., Calcutta.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Were Indian interests consulted before the appointments of Liaison Officers and Controllers were made ?

THE HONOURABLE MR. H. DOW : With the exception of the last two appointments that I have mentioned, that is Mr. Buss of the Burmah Shell and Mr. Finlow of the Imperial Chemical Industries, these Liaison Officers were all appointed as the result of direct recommendations by the industries concerned. In cases where the industries are organised, they were appointed with the consent of their associations and in other cases on the unanimous recommendation of large and representative meetings of both Indian and European firms called for that purpose. As I say, except in the case of the last two they represent the choice of the industries themselves rather than the choice of Government. In the case of the other two, the Honourable Member will recognise that, on account of the large share of the business in this country which is under the control of those two firms, they alone were in a position to give the advice sought for.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Perhaps I have not made myself understood by the Honourable Member. What I want

to know is whether the Indian exporting interests, that is, the Indian firms connected with the supply of raw materials, were consulted before the Liaison Officers and Controllers were appointed. For instance, in the hides and skins business large Indian interests are affected. Were they consulted in any way before the appointment of a Liaison Officer ?

THE HONOURABLE MR. H. DOW : Sir, I understand now what the Honourable Member wants. If the Honourable Member will examine more closely the list which I have given, he will see that they all represent not exporters of raw materials but actual industries in the country. We have not yet found it necessary to appoint Liaison Officers simply to represent exporters because the Supply Department is not buying quantities of raw materials for export or is not dealing in them. The Honourable Member referred particularly to the Hides and Skins Association. There is no control yet over hides and skins and should we at any time find it necessary to appoint such a Controller we should certainly take the industry itself into our confidence.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What about wool ?

THE HONOURABLE MR. H. DOW : The same applies to wool. We have a Controller for the woollen industry.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Am I right in saying that the Government purchase hides and skins in the raw state and wool in accordance with the prices fixed by the Liaison Officers.

THE HONOURABLE MR. H. DOW : No, Sir, you are not right in that. We are not purchasing hides and skins at all at present.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Or are you controlling their export in any way so that they might go to England and from there be distributed to various countries ?

THE HONOURABLE MR. H. DOW : No, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is it the function of the Liaison Officers or Controllers or whatever they may be called to fix the purchase prices or not ? I thought from a report of a reply given by Sir Muhammad Zafrulla Khan in the other House that their business was to advise in regard to the purchase price.

THE HONOURABLE MR. H. DOW : Their business is certainly to advise but not to fix.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Then what control do Government exercise over the Controlling Officers ?

THE HONOURABLE MR. H. DOW : Government are completely in control of the prices in so far as they purchase the commodities. If they do not think the prices satisfactory, they do not purchase them.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I mean what check do they exercise on the advice tendered to them by their Liaison Officers, who are not sellers of raw materials and whose interests are connected entirely with the manufacturing industries.

THE HONOURABLE MR. H. DOW : If the Honourable Member suggests that the Supply Department is bound to accept any advice tendered to it as to the price they ought to pay, the suggestion is not one at any rate that the Department accepts.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What I am asking the Honourable Member is as to what mechanism Government have devised for fixing the proper price at which certain materials should be bought ? The men whom they have appointed are generally connected with manufacturing industries and they have not associated with them any representatives of the sellers of the raw materials.

THE HONOURABLE MR. H. DOW : Sir, I am afraid we are at rather cross purposes because the Honourable Member thinks that the functions of the Supply Department are quite different from what they are. The Supply Department itself does not enter into contracts. It makes its contracts through the regular purchasing organisations of Government such as the Indian Stores Department, the Contracts Directorate, the Railway Purchase Organisation, and so on. And that machinery has not been in any way put out of operation by the creation of the Supply Department.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Well, may I put one more question to the Honourable Member ? So far as the present system is concerned, is it not liable to abuse if persons connected with particular manufacturing firms are asked to advise with regard to the fixation of prices, since that might—I don't say will necessarily but it might—give an advantage to the firm with which they are connected ?

THE HONOURABLE THE PRESIDENT : Don't you think that is an argument ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : No, Sir. It is a plain fact. Any businessman or any authority should see that the system that it follows was not such as was liable to be abused in the interests of private firms.

THE HONOURABLE MR. H. DOW : I suppose, Sir, there are few systems which are not liable to abuse in some form or another, but I maintain that, if we were to adopt a system of appointing such advisory officers as the Honourable Member seems to contemplate, instead of dealing with people who have knowledge of the industries with which we are concerned, there would be more likelihood of abuse if we relied on the advice of people who know nothing about the business.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, would it not be better in the circumstances to have Government officers to look into the matter who would be advised by the representatives of both sides of the industries concerned ?

THE HONOURABLE MR. H. DOW : I have been trying to explain that that is exactly the position. Government officers are in charge of all these things, and they are advised by people who have expert knowledge of the matter on which they require advice.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What I have been endeavouring to find out is whether the Government officers who

are in ultimate control, in the exercise of their duties, receive advice only from the representatives of manufacturing firms or also from representatives of the firms connected with the sale of the raw material ?

THE HONOURABLE MR. H. DOW : No, Sir. The Department is open to accept advice, and is very glad of it, from any source whatever that they can get it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I take it, then, that the course which Government will adopt in future will be to consult the representatives of both kinds of Associations, that is to say, those connected with both sides of an industry ?

THE HONOURABLE MR. H. DOW : Certainly, Sir ; when our transactions in regard to raw materials are on the scale which they are with regard to other materials, I have explained that the first thing we shall do will be—if we require an Adviser with regard to, say, hides and skins or raw wool or anything of that kind—to take the industry into our confidence. As regards raw wool, although we have not actually found it necessary to appoint an Adviser, we have held a very large representative meeting of the wool exporters in Delhi to ascertain their views.

THE HONOURABLE THE PRESIDENT : Will you please proceed with the next question ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : One more question, Sir. With regard to hides and skins, since Government are not controlling in any way the exports of skins and hides and wool, or fixing the price of these articles, why have they appointed Liaison Officers for these ?

THE HONOURABLE MR. H. DOW : The answer is that I have not. I have explained that several times.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Well, the Honourable Member did mention the names of two gentlemen who were appointed for these two businesses, and I think the Honourable Sir Muhammad Zafrulla Khan mentioned the names of two persons—the very same names that the Honourable Member has given.

THE HONOURABLE MR. H. DOW : I have explained that with regard to the tanning industry and the woollen industry, we have Liaison Officers on the manufacturing side, but it has not been necessary as yet to appoint any Liaison Officer with regard to either raw hides and skins or raw wool. If the occasion arises—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is, the sellers can fix their own prices—

THE HONOURABLE THE PRESIDENT : Will you kindly proceed to your next question ? If you want any further information, you see Mr. Dow and talk it over as much as you like.

TOTAL MONTHLY EXPENDITURE INCURRED ON THE SUPPLY DEPARTMENT

27. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What is the total monthly expenditure incurred by Government on the Supply Department ?

(b) Is any contribution made by His Majesty's Government in Great Britain towards the cost? If so, on what basis?

THE HONOURABLE MR. H. DOW : (a) The total expenditure incurred by Government on the Supply Department including all Attached Offices and the expansion of the Indian Stores Department and the Contracts Directorate for War Supply purposes is estimated at Rs. 1,28,000 monthly.

(b) No direct contribution is made by His Majesty's Government towards the cost of the Supply Department. The Department, however, levies departmental charges on all supplies made to overseas authorities including His Majesty's Government. There is no reason to suppose that these charges will not completely cover the cost of work done on behalf of His Majesty's Government, and indeed the charges will, if necessary, be adjusted so as to ensure that the cost is fully covered.

TOTAL VALUE OF ORDERS PLACED BY THE SUPPLY DEPARTMENT.

28. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What is the total value of orders placed with Indian and European firms, respectively, by the Supply Department?

(b) Are Indians employed on equal terms with Europeans and Anglo-Indians in the European firms to which contracts have been given? If not, did Government use their influence with the firms to have this discrimination removed when placing orders with them?

THE HONOURABLE MR. H. DOW : (a) and (b). Government have no information.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What does the Honourable Member mean by saying, with regard to (b), that Government have no information? I wanted information with regard to the action taken by Government.

THE HONOURABLE MR. H. DOW : Government places its orders in accordance with the provisions of the rules for supply of articles for the public service, and these rules require preference to be given to articles manufactured in this country, but they do not make any distinction on the basis of the nationality of the firm supplying. Therefore, there are no records on that point maintained by the purchasing department. As regards contracts made on behalf of the Supply Department, there have been at least 3,000 of these, I think, speaking from memory, in the last five months, and it is quite impossible, as the Honourable Member will see, for me to begin to collect information which naturally is not kept in the ordinary course of business.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Since Government have taken an interest in the employment of Indians, for instance, in the shipping companies and in other concerns, would it not be desirable that Government should interest themselves in this matter also and see that the more important firms to which Government are giving their own business should employ Indians freely?

THE HONOURABLE MR. H. DOW : No, Sir. I do not think that is my business. And as to the form in which the Honourable Member's question, part (b), is put—I am asked whether Indians are employed on equal terms

with Europeans. What exactly does he mean by being employed on equal terms? In equal numbers or on the same salary? You will see at once that this is capable of a very vast number of interpretations.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The point was whether they have the same facilities for appointment, and whether when they are appointed, they are treated in the same way, that is, receive the same salary and allowances and other terms—whether they are appointed only in the junior grades and not allowed to rise to higher grades, etc.

THE HONOURABLE MR. H. DOW : I certainly do not consider it my business to inquire into the terms on which any firm with whom I put a contract employs its staff and what their nationality, religion, and so on, is. That is a matter for the firm itself.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Would it be inconsistent in any way with the policy of the Government for the Supply Department to use its influence to see that Indians were not discriminated against in any way by the firms with which they deal?

THE HONOURABLE THE PRESIDENT : You are now going into argument. These are not supplementary questions and therefore cannot be allowed. If these are to be put as supplementary questions, the position will become interminable if we go on in this way.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : It is a matter of constant dispute between Government and ourselves—

THE HONOURABLE THE PRESIDENT : You bring a Resolution on the subject and then you can talk on it. Questions cannot be used as a means of eliciting these informations.

NUMBER OF COMBATANTS AND FOLLOWERS RECRUITED.

29. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state the number of (i) combatants and (ii) followers recruited so far according to (a) the provinces to which they belong, and (b) the religions to which they belong?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : The labour involved in collecting this information would be more considerable than its value would justify.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Do I understand that the Government records, as they are, do not provide this information?

THE HONOURABLE MR. A. DEC. WILLIAMS : I would like to point out, Sir, that the Honourable Member does not state any time limit in his question. It would appear that he requires the information with effect from the 17th Century!

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : May I know whether the Honourable Member is aware that the Deputy Secretary, Defence Department, asked me whether I wanted to have information with regard to the men recruited since the outbreak of war and that I replied to him in the affirmative immediately?

THE HONOURABLE MR. A. DEC. WILLIAMS : I am not aware of any communication reaching the Defence Department on this point. I may as well tell the Honourable Member at once that if he were to ask any question relating to the numbers recruited since the outbreak of war, it would not be in the public interest to answer it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : May I inquire why this inquiry was made from me by the Defence Department if they did not mean to supply the information? Why was I asked to elucidate the meaning of the question if there was no intention on the part of Government to supply the information asked for?

THE HONOURABLE MR. A. DEC. WILLIAMS : I have no information on the subject.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Defence Department asks me what I want and then the Honourable Member comes here and says he has no information. That is hardly fair.

THE HONOURABLE THE PRESIDENT : He has the right to say anything he likes—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is unfortunately too true.

THE HONOURABLE THE PRESIDENT : Please proceed with the next question.

TOTAL NUMBER OF OFFICERS IN THE POOL OF OFFICERS CONSTITUTED TO SERVE THE NEEDS OF THE FINANCE AND COMMERCE DEPARTMENTS.

30. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What is the total number of officers at present in the pool of officers constituted to serve the needs of the Finance and Commerce Departments? How many of them are Indian?

(b) What is the number of Indian and British officers recruited from each of the five services referred to in the Finance Department Resolution, No. F. 28 (6)-Ex. II/38, dated the 2nd February, 1939.

(c) What are the posts held by Indian officers?

THE HONOURABLE MR. C. E. JONES : A statement giving the required information is laid on the table.

(a) The number of officers in the Pool or on the list of pool officers is as follows :—

	Pool.	List.
Europeans	10	11
Indians	26	9
Total	36	20

(b) The number of Indian and British officers recruited from the five services mentioned in the Finance Department Resolution No. F. 28 (6)-Ex. II/38, dated the 2nd February, 1939, is as follows :—

Service.	Pool officers.		List officers.		Total.	
	British.	Indian.	British.	Indian.	British.	Indian.
Indian Civil Service	10	10	9	4	19	14
Indian Audit and Accounts Service	..	12	..	3	..	15
Military Accounts Department	..	2	..	..	..	2
Imperial Customs Service	..	1	1	1	1	2
Income-tax Department	..	1	..	..	..	1
Total	10	26	10	8	20	34

(c) The posts held by Indian officers in the Pool or on the list are as follows :—

1. Joint Secretary, Finance Department.
2. Joint Secretary, Commerce Department.
3. Deputy Trade Commissioner, London.
4. Indian Trade Commissioner, Japan.
5. Indian Trade Commissioner, Alexandria.
6. Commissioner of Income-tax, Central.
7. Deputy Financial Adviser, Military Finance.
8. First Secretary, Central Board of Revenue.
9. Finance Officer, Communications.
10. Director General, Commercial Intelligence and Statistics.
11. Collector of Salt Revenue and Central Excises.
12. Assistant Commissioner, Income-tax.
13. Assistant Commissioner, Income-tax.
14. Assistant Collector of Customs.
15. } Three Under Secretaries, Finance Department.
16. }
17. }
18. } Three Under Secretaries, Commerce Department.
19. }
20. }
21. Assistant Finance Officer, Communications.
22. Assistant Financial Adviser, Military Finance.

And the following posts are held by Indian officers on deputation :—

- (1) Secretary, Reserve Bank of India.
- (2) On deputation with the Reserve Bank of India.
- (3) Deputy Secretary, Supply Department.
- (4) Finance Officer, Crown and External Affairs Departments.
- (5) Secretary, Economic Resources Board.
- (6) Deputy Director General, Posts and Telegraphs, and *ex-officio* Assistant Finance Officer, Communications.

In addition, six Indian officers are under training.

NOTE.

The more senior officers are placed on a list of officers suitable to hold certain pool posts. Officers 'in the pool' are those who have been recruited to it in accordance with the terms of the Finance Department Resolution referred to above. As a temporary measure certain pool posts are held by officers neither in the pool nor on the list.

APPRENTICES SELECTED FOR TRAINING IN ORDNANCE AND CLOTHING FACTORIES, ETC.

31. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government lay on the table a statement showing (a) the following particulars in respect of the apprentices selected for training in Ordnance and Clothing Factories in India since their recruitment through the Federal Public Service Commission :—

- (i) Year of selection, (ii) name of factory, (iii) number of apprentices selected by the Federal Public Service Commission, (iv) number of apprentices who successfully completed the course of training, (v) number of apprentices appointed as temporary supervisors, (vi) rate of pay on which each apprentice was appointed, and (vii) number of apprentices appointed as chargemen, and

(b) the number of Britishers recruited during the same period ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a) and (b). I lay a statement on the table containing the required information.

STATEMENT.

(a) (i) Year of selection.	(a) (ii) Name of factory and (iii) number of apprentices selected by the Federal Public Service Commission.	(a) (iv) Number of apprentices who successfully completed the course of training.
1932	Army Clothing Factory, Shalijahanpur.	29
1933	..	24
1934	..	23
1935	..	20
1936	..	17
1937	..	3
1938	..	10
1939	..	Year not yet completed.

(a) (v) 118 apprentices have been appointed Temporary Supervisors under the Defence Services and more have since been absorbed since the outbreak of war.

(a) (vi) Rate of pay varies in each Factory and from time to time—no standard rate is laid down.

(a) (vii) 51 apprentices have been appointed as chargemen under the Defence Services and more have since been absorbed since the outbreak of war.

(b) Four.

APPRENTICES IN ORDNANCE AND CLOTHING FACTORIES.

32. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Are apprentices in Ordnance and Clothing Factories in the last year of their training generally in receipt of Rs. 80 per mensem as pay *plus* free residential accommodation, as far as possible, with free supply of light, water, etc. ?

(b) Do the rules regarding the recruitment of apprentices for Ordnance and Clothing factories permit successful apprentices to be appointed as temporary Supervisors on a pay of Rs. 200 per mensem ? Is not the salary on which they have been appointed much lower and not materially different from what they were receiving directly and indirectly in the last year of their apprenticeship ?

(c) Do Government propose to consider the desirability of giving them a substantially higher starting salary ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a) In the last year of their training, apprentices are generally in receipt of between Rs. 72-8-0 and Rs. 75 with free residential accommodation, light, water, etc.

(b) Rs. 200 grade of temporary supervisors is the maximum.

The rates are incremental and the pay of ex-apprentices on appointment as temporary supervisors is fixed in the grade according to their qualifications and experience.

(c) No.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With regard to the answer given to part (a), is it not a fact that the published rules on the subject provide for a salary of Rs. 80 per mensem generally in the last year of the training ?

THE HONOURABLE MR. A. DEC. WILLIAMS : I am afraid I should require notice of that, Sir, but my information is as stated in the answer to the question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With regard to part (b), what is the salary, generally speaking, on which trained apprentices have been appointed ?

THE HONOURABLE MR. A. DEC. WILLIAMS : As I stated, the pay is fixed according to the qualifications and experience of the ex-apprentice. There is no standard rate, but in some cases the initial pay is as much as Rs. 105 a month. It is normally between Rs. 70 and Rs. 80. In some cases apprentices have been known even to accept daily rates pending the occurrence of a vacancy.

NUMBER OF CADETS TO BE TRAINED ANNUALLY AT THE INDIAN MILITARY ACADEMY.

33. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Will Government make a full statement regarding the number of cadets that will be trained at the Indian Military Academy annually and the training that will be given to them in future ?

(b) What proportion of the cadets will be selected from among those who pass the six-monthly examinations for admission to the Academy ?

(c) What are the sources from which the rest of the cadets will be drawn ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a) The normal method of entry to the Indian Military Academy continues ; the normal intake is 30 cadets by open competition from among those who qualify, and 30 by selection from the Indian Army. In addition, 20 cadets are accepted annually from Indian States to be trained for Indian States Forces. The course for these cadets is now being reduced from 2½ to 1½ years.

In addition there is a special entry to the Indian Military Academy to supply such additional requirements in Indian commissioned officers as may from time to time be necessitated by the war. With certain technical exceptions, these cadets will complete a five months' course at the Indian Military Academy before being posted to units for further training. The numbers to be admitted by special entry will vary with the progress of the war and the extent to which it is anticipated that the Indian Army will become involved. It is not therefore possible to state the numbers that will be trained annually as asked for in part (a).

(b) For the reason given in the answer to part (a), it is not possible to state the proportion that cadets who enter the Indian Military Academy by the normal method will bear to the whole.

(c) All male British subjects of Indian domicile are eligible for admission by special entry to the Indian Military Academy, subject to the required qualifications, which are detailed in the Press Communique of 1st January, 1940.

COST OF INDIAN TROOPS SERVING IN EGYPT AND MALAYA.

34. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the normal cost of the Indian troops serving in Egypt and Malaya ? Is it being debited to British or Indian revenues ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : It is not in the public interest to answer the first part of this question.

As regards the allocation of cost, I refer the Honourable Member to the speeches, in this Council and in the other place on the occasion of the presentation of the Budget.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Do I understand the Honourable Member to mean that the entire cost of the Indian troops we have in Egypt and Malaya is being borne by the Indian revenues ? That is what I gathered from the speeches to which the Honourable Member has referred.

THE HONOURABLE MR. A. DEC. WILLIAMS : I should be diffident about expressing any interpretation of the speech made by the Honourable Finance Secretary, but it must be apparent to the Honourable Member who has asked this question that where India is making a fixed lump sum contribution to the

general pool of military expenses it is quite impossible to say whether India or His Majesty's Government are bearing the actual cost of any individual item of expenditure in any particular country.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The Honourable Member must have noticed that one of the items composing the total Indian military expenditure is "War measures". Does that include that part of the cost of the maintenance of these troops which is not included in the normal charges?

THE HONOURABLE MR. A. DEC. WILLIAMS: The position is that if in the course of the year the amount which falls to be paid for any particular item exceeds the lump sum paid by the Indian Government then the extra cost will be borne by His Majesty's Government. If it is less, India will be paying more than the actual amount expended, and naturally that particular expenditure will be paid from Indian revenues. I can say no more than that because it is not known how the expenditure will work out in the course of the year.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 1st March, 1940, namely:—

A Bill to amend the law relating to Income-tax.

A Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment).

STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAS.

THE HONOURABLE THE PRESIDENT: With reference to the announcement made by me on the 26th February, regarding nominations to the Standing Committee on Pilgrimage to the Hejas, I have to announce that the following Honourable Members have been nominated for election to that Committee:—

1. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
2. The Honourable Khan Bahadur Mian Ali Baksh Muhammad Hussain.
3. The Honourable Haji Syed Muhammad Husain.

There are three candidates for two seats and an election will be necessary. The date of election will be announced later.

RESOLUTION RE PRICE CONTROL POLICY.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh): Sir, I have the honour to move:—

"That this Council views with great apprehension the Price Control Policy of Government, and recommends to the Governor General in Council that no action be taken to arrest a normal rise in price of agricultural produce."

Sir, I need hardly affirm that I am one of those who feel that in these critical days it is the duty of every citizen to do all that lies in his power to assist the Government in its conduct of war. I am moving this Resolution with no other motive but to help the Government to so mould its policy as to secure the loyalty and devotion of the vast rural population in the difficult days which lie ahead. The disappearance of representative Governments in seven provinces, the absence of direct representation of agricultural, industrial and commercial interests on "Supply" and "Economic" Boards, deprives the countryside of voicing its views and safeguarding effectively their vital interests. I can say without any fear of contradiction that Government cannot sound the depth of India's economic waters and test its currents without associating representatives of the interests concerned. The policy of price control would not have been conceived in such a haste and revised in such a hurry, if informed opinion had a share in its shaping.

I have moved this Resolution to ascertain the basis of this policy and its scope. It is said that Dr. Gregory has submitted an illuminating memorandum, but its light has not emerged beyond the walls of the Secretariat. Then, again, two Conferences have met, but we have no real clue as to the result of these discussions. I am however convinced that Provincial Governments that are in touch with mass opinion must have opposed control. According to a newspaper report Sir Sikandar Hayat Khan, the Premier of the Punjab, declared his opposition to the scheme. Governors of Provinces who are now in the position of Trustees, could not have lightly countenanced action in this direction.

We have caught a glimpse of the mind of the Economic Adviser from what has been made public. He rightly points out that replacement costs form an important factor in determining prices and that sacrifices are inevitable during the war. Now, may I ask if he has worked out production as well as replacement costs for various areas of this vast continent? If not, on what grounds was the action taken? Since 1929 there has been no Government report which has not deplored the depression in the price of agricultural produce. The price of cotton and wheat in 1937 registered a rise, but Government never considered that the rise was not in the interests of the producers. In 1930 the index number for cereal and cotton was 100 and 91 respectively. The decline continued till the end of the last year. During this period all countries by various methods tried to improve the price but our Government took no action. The Communications Member in introducing the Railway Budget said:—

"Now it can hardly be denied that in the last few years following the great fall in prices of 1929—1931, the primary producers have been getting less than formerly".

He further said, referring to agricultural prices:—

"that rise has not materialised; and in fact 1940 has brought a distinct fall in prices of important commodities".

When in 1938 I pleaded in this House for some action to help the agriculturists, Mr. Yeatts spoke of—

"dimensions that all India control would assume, quite apart from political and other difficulties involved and incidentally the expense".

The Honourable Leader of the House waxed eloquent on the complexity of the problem and even you, Sir, asked, "Is it humanly possible" and my Honourable friend Lala Ram Saran Das echoed, "No, not humanly possible".

How is it when such high authorities who held that it was humanly impossible yesterday, in the interests of the people, were now ready, without hesitation, to initiate a policy of control. My friend the Leader of the Opposition

[Sardar Buta Singh.]

must now support me, for all the commercial bodies have expressed opposition to control. Then, again, with manipulation of money at which money changers are engaged, it is impossible to know whether a rise in price does not merely indicate a depreciation in the value of money. According to Sir William Roberts both the rupee and the pound were depreciated by about 40 per cent. since September, 1931 and the pound was further depreciated at the beginning of the present war by 15 per cent. Indian price in gold value is less than two rupees a maund for wheat. Does the Government consider it wise to suck the rind of the orange which is already dry? Is the 80 per cent. of the population that lives in seven lakhs of villages to be denied any relief? Are the interests of the 80 per cent. of the population to be sacrificed in the name of giving some temporary relief to the 20 per cent. Will not this 20 per cent. have their share in the general prosperity of the country?

May I again ask, is the rise unjustifiable? Are the primary producers to be penalised merely because they are helpless? Will Government be fulfilling its duty as a guardian of the people by refusing them the bare necessities of life? It did not help them when it could, and now that circumstances have combined to help, is Government going to bar out this help?

I can affirm without any hesitation that all that Government can achieve is to deprive the primary producer the benefit of legitimate rise in price. I agree with Mr. Yeatts that it will need India-wide organisation, and immense expenditure to implement price control policy. In my opinion, without following totalitarian methods, effective control is impossible. It is wrong to suppose that people who have managed to survive the depression would manage to live anyhow, even when its own Government takes in hand the levelling down of the small rise in prices without taking into account what people have endured for the last ten years.

I hope the Government Member will see his way to accept my Resolution. In any case I appeal to the House to give me their support so that it may become a unanimous demand on behalf of all Indian interests.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I have listened to the Honourable Member's speech with complete bewilderment and amazement. I do not think it has been my privilege to listen to a speech before that was so completely divorced from reality. I had thought, Sir, that I knew something about the Government of India's policy in the matter of price control.—I have spent a very great many hours in discussions connected with it,—but the Honourable Member has information which is entirely outside my ken. He said, Sir, that the Government of India after having failed to help the cultivator during a period of depression is now proceeding without hesitation to initiate a policy of control; and he was referring to agricultural products. Now, I do not know on what he bases that statement. It is a statement which, as far as I know, is without foundation. Then, Sir, he several times made reference to schemes that he assumed had been worked out by Government and even to action taken by Government of which I at least have no knowledge. He said that informed opinion had no share in the framing of the scheme. But, Sir, what scheme? He said, Sir, that he had no clue to the results of the discussions that had taken place at the two Price Control Conferences held in New Delhi. I should have thought, Sir, that the absence of the putting into force of any scheme would at least give him some clue—apart from anything that has been published—some clue to the result of these Conferences. He said, Sir, that the Prime Minister of the Punjab was opposed to the scheme. To what scheme, Sir?

THE HONOURABLE SARDAR BUTA SINGH : Price control.

THE HONOURABLE SIR ALAN LLOYD : But the Honourable Member assumes that we have adopted a scheme for controlling the prices of agricultural products and goes further and alleges that we have taken action on that scheme. I must make it clear to the Honourable Member here and now that the Government of India have not as yet come to the conclusion with regard to any agricultural commodity that there is a case established for controlling the price. We in the Government of India are in agreement with the general—I might say universal—opinion of Provincial Governments that the prices of agricultural products were distressingly low before the outbreak of war and that some rise in price could be legitimately expected. I am not going to say what we are satisfied is the limit of such rise but the limit must be pretty high if the price quotations that now prevail are to be possible. We have seen, Sir, (to take an example), the price of wheat rise from Rs. 2-3-3 in August, 1939 to Rs. 3-8-0 in December, 1939 without our putting into force any such scheme as the Honourable Member attributes to us. That is a very substantial rise and I am not going to commit Government to any figure where we should stop the process. At least the Honourable Member has the satisfaction of knowing that we have not attempted to stop the process at that level.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, may I put a question to the Honourable Member in this connection? Has any Provincial Government taken any steps to control the rise in price of any agricultural commodities?

THE HONOURABLE SIR ALAN LLOYD : I will come to that point. In view of the terms of the Honourable Member's speech, I was referring to the primary producer of agricultural products. It is now agreed between the Provincial Governments and the Central Government that control at the primary stage is the business of the Central Government because of the obviously impossible results of different action in different parts of the country in regard to the same commodity. We have delegated to the Provincial Governments the power to control not the price paid to the primary producer but the margin between that price and the retail distribution price. Now, that I think will be readily understood. You have a commodity of which, when it reaches the retail distributor, X is representative of the primary producer's cost; Y represents the cost of distribution and the profit of the middleman and retailer.

THE HONOURABLE SARDAR BUTA SINGH : Have the Government of India no intention of fixing the prices for the primary producers?

THE HONOURABLE SIR ALAN LLOYD : Well, Sir, may I just finish the sentence I was engaged in before answering that. Now, it is reasonable that the element Y in the retail price is, of course, apt to go up to some extent owing to conditions like increased railway freights, and so on, but the margin for increase there is naturally small. The margin for increase in X is very much larger. If you take the view that is now agreed, I think, between all the Governments in India, that prices at the outbreak of war were undoubtedly low, the prices of primary products should be allowed to rise to a considerable amount before Government should interfere. It is to the extent of Y that the Provincial Governments have been interfering

[Sir Alan Lloyd.]

in prices. If there have been cases where the control affects also X, they are isolated cases at the outset of operations. The whole procedure was improvised at very short notice from law and order considerations rather than on economic considerations and there were a few uncertainties at the start ; but this is what we have now settled on, that it is not our policy to control the price of agricultural produce at the primary stage, until we hold that the rise has gone as far as it is legitimate for it to go. At what stage that will be I decline, Sir, to say. And my answer to my Honourable friend's question with which he interrupted me just now is implicit in that.

THE HONOURABLE THE PRESIDENT : But you will admit that the Government missed its opportunity in the case of jute ?

THE HONOURABLE SIR ALAN LLOYD : I make no admission, Sir. At any rate, if the Government allowed that particular monster too much rope, I think that particular monster has pretty well hanged itself with the rope that was allowed it.

I have in the main confined my remarks to agricultural produce and perhaps the House will not wish me to go into the question of manufactured goods, because I think that the question of agricultural commodities is perhaps the most important aspect of the whole question of price control. Even if it were practicable and possible to introduce a system of radically controlling the prices of primary agricultural produce, the effect of that would fall upon much the largest portion of the population.

The Honourable Member who moved this Resolution complained of the absence of direct representation of agricultural interests on the War Supply Board and the Economic Resources Board. Well, Sir, I won't go at length into the difficulties of finding representatives of agricultural interests. You can find representatives of merchants who handle agricultural produce but to find representatives of informed opinion from amongst cultivators is an extremely difficult thing. I do not want to press that point. But what I will say is that we have consulted the Provincial Governments at the Price Control Conferences ; and, short of direct representation, the Provincial Governments are as near direct representation as you can get. They all have a great interest in agriculturists, both for political reasons and because they derive one of their main sources of revenue from agriculture. And, as I mentioned, at the Price Conferences the Provincial Governments were in very general agreement that the interests of the agricultural producer must be fully watched and safeguarded. And I also wish to make it quite clear that in expressing that they did not come up against any opposition in the Government of India. I think, Sir, I have said enough to make it clear that it is absolutely impossible for the Government to accept the Honourable Member's Resolution with its implication that we have done something that we have not done and that we are going to do certain things which there is no ground for believing that we are going to do.

THE HONOURABLE MR. J. H. S. RICHARDSON (Bengal Chamber of Commerce) : Sir, perhaps I should have got up before the Honourable Member, but owing to my still being new to the customs of the House I failed to do so. There are just a few words that I should like to say on this Resolution.

I confess I found myself in rather a Gilbertian position when I started to consider this Resolution. Naturally my first thoughts turned to jute and remembering the dizzy heights to which that life-blood commodity of Bengal recently rose I felt it was impossible for me to have any apprehension whatever over the price control policy of Government and that there could be no arguments about recent jute prices being anything other than abnormal.

But my mind then wandered along like Gilbert's Minstrel and I found myself thinking of a certain large zamindari concern with which I am connected and the glowing picture came to me of ryots happy for a short space of time paying their arrears of rent with the gathering in of a good harvest and my Honourable friend was there rejoicing and bringing in the sheaves. After the bad and anxious times through which all agricultural connections have been passing, such a welcome change softened my heart and I began to feel sympathetic and that after all there might be some grounds for supporting the Resolution.

Unfortunately however this vision did not last very long, for wandering still further afield I found myself thinking of the sorry plight of the flour mills of Bengal. This was too much for me and it was here that

12 NOON. I really began to feel the corn pinched. Sir, only a short time ago when outlining the problems of Government price control policy before the recent conference, the Commerce Member referred to a protective duty which was levied on the import of wheat in the first year of the slump, and he said that the shock of this slump had been absorbed to some extent by that protective duty. I am glad he qualified his remarks by the words "to some extent" because unfortunately in the case of Bengal the shock was not absorbed at all and in more recent times when the economic position made it essential for the Bengal mills again to purchase some quantities of imported wheat they were not even allowed to bring in those cargoes which were already afloat without having to pay the increased duty which was then levied. Remembering this decision on the one hand and considering my Honourable friend's Resolution on the other it seemed evident that the Bengal mills may not only have difficulties should it become necessary for them to obtain supplies of imported wheat, but may also have to pay high uncontrolled prices for the local commodity. Sir, this goes against the grain and so returning from these wanderings I find myself left with sackcloth and *atta* both of which have strong claims for protection.

Sir, there is one other point I would like to mention and it is this. The Price Control Conference expressed the opinion that speculation in the future markets did not by itself raise the price of commodities though it was certainly a contributory cause. In Bengal our experience in the case of the so-called jute futures market does not bear out this opinion for undoubtedly speculation in this market has been the main and not the contributory reason for the recent rise of prices to figures far beyond their economic level and their ensuing decline. Anyone studying the series of charts showing the wild fluctuations in the prices of jute which have occurred since last July will agree with me when I say that if such charts had been those of the temperatures of any of us we would have long since departed this life. Sir, if by Government price control policy ways and means can be discovered to counteract or even to eradicate these abnormal rises and falls in the prices of jute and other similar commodities, then in my opinion Government will have achieved something for the good of all India and on behalf of those I represent I have no hesitation in saying that we wish every success to this movement.

Sir, I oppose the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I feel glad at the sympathetic reply that the Honourable Sir Alan Lloyd has given. As regards price control, I want to mention that during the Great War the prices ruling were very, very high as compared with the prices that are ruling in the present war. I may mention for the information of the House that in March, 1918, the price of Broach cotton went up as high as Rs. 698 per candy, while so far, in the present war, it has not gone, if I am not wrong, beyond Rs. 340. The same is the case with regard to the prices of wheat and kapas. In the last war kapas used to be at the rate at which cotton is selling now. In 1913-14, wheat went as low as Rs. 1-8-0 and then, a few years later, it went below Re. 1 per maund in the Punjab. So, Sir, the condition of the landlords has been very pathetic. They have not been able to meet even their land revenue and canal revenue. We cannot compare India with England, because here, if my impression is right, 85 per cent. of the population live on agriculture. Therefore, if the prices are better, everybody gains. By "everybody", I mean industries and other commercial concerns also. Sales improve and because the buying capacity of the masses is increased, there is more profit to the industry and a better return to the landowner. The Honourable Sir Alan Lloyd says, so far as I could gather, that price control does not exist. That is perhaps not correct. We see in the local papers every day that price control exists here and in certain other provinces. For instance, I find from the papers that the price of ghee here in Delhi is fixed at Rs. 45 to Rs. 50 odd per maund. I cannot myself understand how that price has been fixed? In the principal ghee markets of the Punjab, the ruling price of the best ghee at present is in the vicinity of Rs. 40. I cannot understand how the price has been fixed at Rs. 45 to Rs. 50 in Delhi? The Honourable Sir Alan Lloyd has said that there is no price control, but price control does exist in Delhi itself. We, in India, live mostly on agriculture and in case the agriculturist or the landholder prospers, every other industry and commerce well also prosper. It is in the interests of India to let the people recover from the grave economic depression that they experienced during the last 10 years. To regulate and control the prices now at a lower level will not certainly be in the interests of India. Therefore, Sir, I hope that even at a later date the Government will not be forced to start price control, because, by the higher price, not only the landholder will benefit but also various commercial, industrial and other concerns. The only circle which will not benefit are the people who are landless and those who are in service. The proportion of these people is too small and it is worth while to give them allowances so that they may be able to make both ends meet. I cannot follow the Honourable Mr. Richardson. As far as the Punjab is concerned, prices have not even touched half of what they were in the last war (1914-1918). Jute is the only commodity which has jumped up so high. As I have said already, every other commodity has not risen so much as jute has. Therefore, as far as the other provinces are concerned and particularly the Punjab which I have the honour to represent here, it is in the interests of all concerned that Government ought not to control the prices but to let the poor landlords recover from the depression which they have had during the last 10 years.

With these words I support the Resolution and I hope the Government will accept it, if they mean that no control has been made so far and is not intended to be enforced in the near future.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, I came into the House thinking that

I would be able to accord my general support to the Resolution standing in the name of my Honourable friend Sardar Buta Singh ; but the speech made by Sir Alan Lloyd shows that there is no basis for that Resolution as the Government of India have not attempted to control the prices of primary products at all. Perhaps to be more accurate I should say that the Government of India have not tried up to the present in any way to limit the prices to be received by the primary producer for the things that he produces. But my apprehensions are not completely allayed by this information. Sir Alan Lloyd said in reply to my question regarding the activities of the Provincial Governments that they were confined entirely to the regulation of the retail prices of agricultural commodities. Now there may be a case for the regulation of such prices. Indeed there did exist a case for the regulation of prices of non-agricultural commodities. But there is a danger that the prices may be so fixed as to prevent the buyer of the primary products from giving to the primary producer the higher price that he would otherwise have been able to give.

THE HONOURABLE SIR ALAN LLOYD : May I interrupt for a moment. I know it is a little difficult, but if the Honourable Member will study the answer which I gave to the Honourable Sardar Buta Singh's question No. 17 this morning, he will see the terms of the delegation of powers which we have made to the Provincial Governments are not such as to authorise them to fix retail prices at a level which does not allow for the payment to the primary producer of the price which the primary producer can lawfully demand.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is very reassuring indeed. It is such an assurance that I wanted to have from Government.

Sir, my Honourable friend Mr. Richardson, relying on his experience in connection with jute, was not disposed to agree with the opinion expressed by Dr. Gregory at the Price Control Conference that speculation, while a contributory factor, was not the primary cause of the rise in prices. I think at present it cannot be said that there has been any speculation so far as agricultural commodities are concerned, but the danger to which he drew our attention is one which we ought to bear in mind. In this connection I would venture to place before Government a suggestion which was placed the other day before the United Provinces Price Controller by the persons whom he met at Allahabad the other day. That was that, in order to dispel the fear that the primary producer might not receive the prices that he was entitled to or that on account of his ignorance he might be deprived of his share of the profit which he might earn on account of the rise in prices, it was desirable that Government should take steps from time to time to inform the primary producer of any rise in prices. That of course is primarily a matter for the Provincial Governments but I think it will be desirable, if the Central Government considers such a suggestion practical and I confess at first sight it does appear practical, to bring it to the notice of all the Provincial Governments and ask them to use their best endeavours to see that the benefits of the rise in prices reach the primary producers who have been hit much more by the depression than the middleman.

Our Honourable friend Mr. Richardson towards the end of his speech discussed the question of the stability of the purchasing power of the rupee. Well,

[Pandit Hirday Nath Kunzru.]

the stability of the purchasing power of a currency is a question which has been engaging the attention of the economists for at least 30 years and they have not been able to solve it satisfactorily yet. I hope that Government will look at the matter just now only from a practical point of view and will not involve themselves in any attempts of the kind which are apparently favoured by Mr. Richardson, for I am afraid if they do so they will be involved in a morass from which they will never be able to come out.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : I feel, Sir, that enough has been said about the desirability of not doing anything to check the normal rise in prices of agricultural produce, and in the light of the remarks made by my Honourable friend Sir Alan Lloyd it seems as though there is no need for us to be alarmed as to any limit that might be contemplated by the Government of India to be placed on the normal rise in prices of agricultural produce. However, I feel that the Resolution moved by my Honourable friend Sardar Buta Singh has served a very useful purpose in making it plain to the Government of India that if in the future they feel any necessity to put any limit upon the rise in these prices, they should take care not to unduly depress the prices of agricultural produce in view of the fact that for some years past during the depression the primary producer has suffered very great losses and the opportunity that is now offered to him to recoup some of his losses should not be taken away from him. I feel that it is very desirable to see to it that the primary producer does get his legitimate share of the prosperity which has come to the country, even though that prosperity has arisen out of an undesirable cause in itself, that is, the war. But I am at some loss to know what kind of machinery will be devised to enable the primary producer to get to know of the rise in prices in the market. My Honourable friend Pandit Kunzru made a suggestion that the Provincial Governments should be instructed to inform the agriculturist in the country of the rise in prices in the market. But my apprehension is as to the means to be adopted to convey this information to the primary producer. I do not know how from time to time this gradual rise in prices can be conveyed to the primary producer. There is no doubt however that it is desirable that everything possible should be done to effect this.

In view of all that has been said and particularly in view of the fact that the Government of India has no intention at present of controlling these prices, I feel, Sir, that my Honourable friend Sardar Buta Singh will do well to withdraw his Resolution.

THE HONOURABLE DIWAN BAHADUR SIR A. RAMASWAMI MUDALIAR (Commerce Member) : Sir, I have very little to add to the very lucid exposition of the policy of the Government which my Honourable friend the Commerce Secretary has just stated in reply to the Resolution of the Honourable Sardar Buta Singh. I was somewhat surprised that the Leader of the Opposition quite innocently and quite naively asked the Government to accept the Resolution. I tried to read again—perhaps for the tenth time—the Resolution of which notice has been given by my Honourable friend.

“ This Council views with great apprehension the Price Control Policy of Government ”.

Am I to accept that statement, Sir, that I myself as a part of this House view with great apprehension the Price Control Policy of the Government, particularly when—

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : That sentence can be deleted and the Resolution in amended form accepted.

THE HONOURABLE DIWAN BAHADUR SIR A. RAMASWAMI MUDALIAR : I wish that my Honourable friend had made that suggestion and moved an amendment to that effect.

But seriously what is the position ? My Honourable friend began his speech by stating that the loyalty of the millions of the agriculturists should not be strained by any question of price control. I have a very high opinion of the loyalty of the masses in this country—their judgment of what is right and what is wrong, the view that they take in particular of the present war. But apart from that, it seems to me that Government cannot base its price control policy on any question of buying their loyalty by allowing prices to go up. The interest of the Government in the agriculturist is much too deep for us to weigh the possibility of loyalty or disloyalty of these classes in connection with such questions. Whether they are loyal or whether even for a moment it is assumed that their loyalty is strained, we are much too interested in the prosperity of the agriculturist to base our policy on anything except the fact that contentment from the point of view of their agricultural produce and the prices that they get for it must be our main consideration. (Hear, hear.) Secondly, Sir, my Honourable friend stated—and I believe he was repeating assertions which have been made elsewhere by very representative organisations of commerce and industry—that the Government of India was the wicked agency in this matter, that Provincial Governments have been much too anxious not to control the price of agricultural products and that it was merely due to the exertions, the influence, perhaps the coercion of Provincial Governments that the Government of India did not put a control on prices of agricultural products much earlier. What is the history of this matter ? The War was declared by this Government, or rather India's participation in the war was declared, on the 3rd of September. On the 8th September we had representations from more than one Provincial Government asking us to delegate powers with reference to the control of prices of various commodities to these Provincial Governments. The initiative did not come from us ; the initiative came from some of the Provincial Governments and I say they were justified at the time in taking that initiative. They were justified because during the first few days or weeks of the war there was so much of apprehension in the market, so much of unsettled conditions, that prices suddenly leaped above what my Honourable friend calls the normal rise of prices ; and from the point of view of law and order, if for nothing else, as my Honourable friend the Secretary of the Commerce Department explained, it was essential for Provincial Governments who had to bear the burden of keeping law and order in various urban centres to take some power to control the sudden and unaccountable rise in prices. This rise moreover did not go to the benefit of the agriculturist, for the produce had already been passed on to middlemen and retail dealers, and it was at that stage that the price was attempted to be brought down. In fact throughout the whole of this period Provincial Governments have been as active as the Government of India, in considering how far if at all any question of control of price was necessary, so that it seems to me that it is quite outside the mark, if I might say so very respectfully, to suggest that the Government of India has been considering the question of control of prices and that the Provincial Governments have been fighting hard to prevent the Government of India from putting a control on these prices. Perhaps the nomenclature that was given to these Conferences by myself or by the Government of India was a little to be blamed for this misapprehension. We called them Price

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Control Conferences, not because at these Conferences a decision was necessarily to be taken to control prices or because that was the only aim of these Conferences, but because we wanted to examine the whole question, to have the experience of Provincial Governments in this matter to find out what difficulties Provincial Governments were feeling either from the point of view of law and order or any other point of view. It was certainly not because we had come to any pre-determined conclusion on the subject that control of prices was essential and had somehow or other to be imposed. If my Honourable friend had done me the courtesy of perusing a speech which I made at the opening of the second Price Control Conference and which was published in the newspapers he would have found this explanation given in that speech and I definitely stated that the Government of India had convened that Conference more to find out the actual position and to take advice from Provincial Governments in these matters. My Honourable friend then referred to high politics and stated that the disappearance of Ministries had somehow or other prejudiced the question. Sir, we in these unhappy days attribute all our woes to the disappearance of particular Ministries. There was a time not many months ago when the process was reversed and provincial representatives attributed all their woes to the activities of such Provincial Governments. I do not state which view is right; probably both are wrong. But let us not draw this red herring across the track and try to make out that the disappearance of Provincial Ministries had somehow or other brought an unfortunate predicament to the agriculturist; far from it. The agriculturist is just where he has been all these months if he is not a little better off. My Honourable friend referred to the absence of representation of economic interests in the Economic Resources Board and the War Supply Board. I have repeatedly explained in various speeches that I had the privilege of making that the Economic Resources Board was constituted purely of departmental representatives, that their function was as far as possible to short-circuit departmental matters and the delays inevitably attendant on references and cross references as between department and department, and that to the extent that agricultural interests had to be represented on the Price Control Conferences. Provincial Governments were represented and they were at least as good an agency as any that we could devise to get the views of agriculturists. Apart from that, I and the Vice-President of the Economic Resources Board have fairly extensively toured the country and tried to meet representatives of agricultural interests, of Chambers of Commerce, which do represent agricultural interests to a certain measure, and tried to find out at first hand what their difficulties are and how they would like the Government of India to deal with these questions. I think I have again to repeat that so far from the Government of India ignoring the agricultural interests they have tried their level best to ascertain the point of view of the agriculturist in these various ways. My Honourable friend then referred to the fact that the Government of India had taken no action at all during the long period of depression and that now when comparatively small prosperity is attending the agriculturist they try to put the screw on the agriculturist and control prices. This again is a statement which has been so often repeated that I do not wonder that my Honourable friend repeats it once more on the floor of this House. What is exactly the record of the Government of India? I do not claim that they have come to the help of the agriculturist as much as the agriculturist desires, but I do claim that the Government of India even in the time of adversity, in the time of the depression, had to a certain extent come to the help of the agriculturist. My Honourable friend representing a wheat-growing province should be the last to suggest that the Government of India sat with folded hands and did

not come to the help of the agriculturist. What happened, Sir? I was in another place and in another capacity when the first Tariff Protection Bill on an agricultural produce, a tariff duty on wheat, was adopted by the House in 1931. Within a few months of the opening of the depression period and from that time onwards, with a short lapse in 1937-38 perhaps, the agriculturist, so far as wheat is concerned at least, has had the kindly eye of the Government on himself and on his produce. Take again the question of sugarcane. Owing to the adoption of the policy of protection for the sugar industry and the policy of fixation of a minimum price for sugarcane which the sugarcane producer should sell at to the manufacturer, the agriculturist, so far as that produce is concerned, has had the help of the Government during all this period. Take again raw cotton which has been referred to. Has the Government's inaction been responsible for the fall in prices? Has the Government done nothing at all to help the agriculturist, the producer of raw cotton? What are all these trade agreements for? Does my Honourable friend remember that there was an Indo-Japanese trade agreement entered into in 1932, where the first—I might almost say the only—condition with which India was concerned was that we were anxious that the Government of Japan should accept or that they should buy a minimum quantity of at least a million bales of raw cotton from India? Was that intended to help the agriculturist during the period of depression or was it intended to hinder him and to thwart him? No, Sir. It is no good saying that the Government of India have sat with folded hands all this time. It is true, I admit, that there were various agricultural products which the depression had brought to a ruinous state and for which the Government had not done anything, perhaps the Government could not have done anything. I am not here to defend or to support all that Government have done in the past. But no suggestion has been made as to how Government could have helped this particular agriculturist. I am here strongly to contradict the statement that Government sat with folded hands through the period of depression and did nothing at all to help any kind of agriculturist with reference to any kind of agricultural produce.

Now, Sir, let me come to the very interesting speech which my Honourable friend Mr. Richardson made this morning. Let me dispose of the question of *atta*, wheat flour. I tried to follow his speech as closely as I could but I confess that I was considerably puzzled as to what the grievance was exactly in this matter. He wanted to suggest that in the interest of wheat flour production the price of wheat should be controlled. Now, it seems to me that, if he was referring to local markets, the price of *atta* will go up in accordance with the price of wheat. There is no need to control the price of wheat because the price of *atta* would be raised automatically by the price of wheat. If, on the other hand, he was thinking of the export market in wheat flour and he was putting forward the proposition that to help the export market of wheat flour, the internal price of wheat whose consumption is 95 per cent. of the total production, should be controlled, that is a proposition which has only to be stated in plain language for it to be rejected by this House. You cannot do that. If, on the other hand, he was referring to the difficulties of the export market in wheat flour, I might answer that, to the extent that you use imported wheat, Government allow a rebate on the wheat imported, and therefore you are in no worse position than you were by uncontrolled wheat prices.

My Honourable friend referred then to the question of jute. Now, Sir, the Government of India have been virtually in sackcloth in considering the question of jute for the last few months. I might almost say there has not been a working day in the Commerce Secretariat when the question of jute has

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not been actively before us. My Honourable friend realises the difficulties. Various solutions have been suggested, but if you take each one of these suggestions you will find that they are inextricably tied up with one another. I said, and I still hold that opinion, that I could not possibly contemplate the fixing of a maximum price for the raw product without at the same time contemplating fixing a maximum price for the finished product also. I had only to make that observation to find out that if one kind of interest was satisfied with one kind of fixation, another kind of interest was not satisfied. I said again that if I had to consider the possibility of closing the *fatka* market in jute I must face the position that the closing of the *fatka* market in hessian would be even more justified. There are other difficulties which I need not detail in this House. Above all, there is the fact that to a large extent in these matters we have to consult Provincial Governments and, though we have been given powers under the Defence of India Act, the prospect of utilising those powers in a totalitarian way, which one of the Members of this House deprecated, has not attracted my personal approval at any rate.

Then, Sir, I would only like to close by a reference to the present position as it is. I believe the Commerce Secretary has explained it in great detail. The present position is that the Provincial Governments are agreed that, with reference to the wholesale market in the primary stage of production, where really the fortunes of the agriculturists are connected with the fortunes of the market, any rise in price in the wholesale market will go directly to the benefit of the agriculturist. The control, if and when it should be exercised, should be exercised by the Central Government and not by the Provincial Government. In the retail markets, in controlling the margin of profits of middlemen, the Provincial Government is the right and I may add the only authority competent to deal with them. That is how at present the Government of India and the Provincial Governments have divided their spheres of activity, if and when price control is needed, and I trust that that statement of the case will satisfy the House. It is obvious that we cannot accept the general proposition which my friend the Honourable Leader of the Opposition inferentially stated, that we should sit still without taking any action till the price of agricultural produce reaches the limit which was reached in the last war. That certainly is not a proposition which I am able to accept. But normal rates, reasonable rates, judged by the circumstances at the time prevailing and compared with circumstances which prevailed earlier, these are factors which we are certainly willing to take into consideration before any scheme of price fixation is adopted. I might add also that there is a danger of a sudden rise in prices unbalancing the public, endangering law and order, and injuring the very interests that my Honourable friend has at heart. After all there is a limit to which the Provincial Governments can go in maintaining law and order. These are factors also which have to be taken into consideration and I would beg agriculturists and representatives of agricultural interests in this House and outside to see to it that no occasion arises for me or the Commerce Department or even for the Provincial Governments to take control of these prices.

THE HONOURABLE SARDAR BUTA SINGH : Sir, I am very grateful to the Honourable the Commerce Member for the way in which he has explained the position of the Government of India. In view of the assurances given by him and by the Honourable the Commerce Secretary, I do not wish to press my Resolution.

The Resolution was, by leave of the House, withdrawn.

PARSI MARRIAGE AND DIVORCE (AMENDMENT) BILL.

THE HONOURABLE MR. M. N. DALAL (Bombay : Non-Muhammadan) :
Sir, I beg leave of the House to move :—

“ That the Bill to amend the Parsi Marriage and Divorce Act, 1936, as reported by the Select Committee, be taken into consideration.”

The Parsi Marriage and Divorce Act XV of 1865 was found defective and wanting in numerous respects to answer the present day needs of the community, and was therefore repealed, and the Parsi Marriage and Divorce Act, 1936, was passed on the 23rd April, 1936. Among the changes introduced by the Act of 1936, was a change in the law, with regard to the payment of permanent alimony to the wife on the passing of any decree under the Act. The order for the payment of permanent alimony to the wife, as contemplated by clauses (a) and (b) of sub-section 1, section 40 of the existing Act of 1936 covers two cases. In clause (a), the payment is “ secured ” by a charge on the husband's property, and in clause (b) it is a personal order on the husband to make “ monthly payments ” to the wife.

The intention of the framers of the Act of 1936 definitely was to make the payment of alimony of any sort cease if the wife at any time after the order, either became unchaste or remarried. Unfortunately however the expression “ while she remains chaste and unmarried ” was placed in clause (a) and inadvertently omitted from clause (b). This Bill is, therefore, intended to remove the doubt, and to express more clearly the intentions of the framers of the Act.

A volume of opinion has already been received, and the consensus of the opinion is, in favour of this amending Bill. This Bill has also the support of the Parsi Panchayet of Bombay. There are several Parsi Associations today, but the one and the only body which is recognised to be the premier Association in the community, is the Parsi Panchayet of Bombay, which controls a very large amount of funds for the benefit of the community. The community looks to the Trustees of the Parsi Panchayet for guidance in matters of religion, social customs, etc., and this body takes the lead whenever required in all matters affecting the community, and on its judgment the community, as a whole, lays great reliance.

The Report of the Select Committee is now in the hands of Honourable Members. The Select Committee has altered sub-clause (c) of clause 2 of the Bill, with a view to empowering the Court either to rescind or vary the order in the event of the wife remarrying or ceasing to be chaste. This change meets the suggestion of a section of the community.

With these words, Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. N. DALAL : Sir, before I move that the Bill be passed, I should like to offer my cordial thanks to the Honourable Members of the Select Committee for their valuable help and sympathetic treatment of the subject. Sir, I move :—

“That the Bill be passed.”

The Motion was adopted.

The Council then adjourned till Eleven of the Clock on Tuesday, the 5th March, 1940.

COUNCIL OF STATE.

Tuesday, 5th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

INTAKE OF BRITISH OFFICERS IN THE INDIAN ARMY.

35. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What has been the annual intake of British Commissioned officers in the Indian section of the Army in India during the last five years ?

(b) What will be their annual intake during the war and what proportion will they bear to the Indian officers recruited through the Indian Military Academy ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) :

(a)

1935	.	.	.	.	.	.	.	.	.	100
1936	.	.	.	.	.	.	.	.	.	172
1937	.	.	.	.	.	.	.	.	.	136
1938	.	.	.	.	.	.	.	.	.	124
1939	.	.	.	.	.	.	.	.	.	125

(b) The future intake of British officers and their ratio to Indian officers will depend on the degree of expansion of present numbers and on casualties.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Do Government propose to take more Indian officers than British officers, at any rate during the war ?

THE HONOURABLE MR. A. DEC. WILLIAMS : There is no intention at present of increasing the proportion of Indian to British officers to that extent, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Do I understand that the existing proportion will continue ?

THE HONOURABLE MR. A. DEC. WILLIAMS : I am not quite clear what the Honourable Member means by the existing proportion. Has he any figure in mind ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Honourable Member since he is connected with the Defence Department should know what the existing proportion is. Everybody knows it.

**EMPLOYMENT OF INDIAN OFFICERS RECRUITED DURING THE WAR AS
COMPANY OFFICERS OR PLATOON COMMANDERS.**

36. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Will Government state whether the Indian Commissioned officers, who are recruited during the war, will be employed as company officers or as platoon commanders in the first instance?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): Platoon commanders.

**TOTAL AMOUNT STANDING TO THE CREDIT OF THE GENERAL PROVIDENT FUND
AND OTHER FUNDS.**

37. THE HONOURABLE MR. HOSSAIN IMAM: With reference to Resolution No. F-30 (3)-R. II/39 of the 14th February, 1940, will Government state the total amount standing to the credit of each of the 14 funds mentioned on 31st March, 1939? Who are entitled to higher rates in these funds and what are the reasons for giving higher rates? What is the amount of such exemptions and what are their special rates?

THE HONOURABLE MR. C. E. JONES: I would refer the Honourable Member to pages 453—457 of the "Combined Finance and Revenue Accounts of the Central and Provincial Governments in India for the year 1938-39" and to the final reply to Mr. Manu Subedar's question No. 1315 laid on the table of the Legislative Assembly on the 30th August, 1939, from which the amounts standing to the credit of the funds mentioned, the classes of officers entitled to higher rates, and the rates to which they are entitled, will be apparent. Broadly speaking, the reason for the guarantee of minimum rates, which apply only to subscribers of the General Provident Fund who were members of that Fund on the 1st April, 1938 and to a few old subscribers to certain Service Provident Funds now closed, was the desire to popularise subscription to the funds, which was optional. To ascertain the amounts in the various funds carrying interest at higher rates would involve an expenditure of time and labour not commensurate with the results likely to be achieved.

STANDING COMMITTEE FOR ROADS, 1940-41.

THE HONOURABLE MR. S. N. ROY (Communications Secretary): Sir, I move:—

"That this Council do proceed to the election, in such manner as the Honourable the President may direct, of three Members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund during the financial year 1940-41."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the Motion which has just been adopted by the Council, I have to announce that nominations to the Committee will be received by the Secretary up to 11 A.M. on the 11th March, 1940, and the date of election, if necessary, will be announced later on.

STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAS.

THE HONOURABLE THE PRESIDENT: With reference to the announcement made by me on the 4th March, regarding nominations to the Standing Committee on Pilgrimage to the Hejas, I have to inform the House that the Honourable Haji Syed Muhammad Husain has since withdrawn his candidature. As there now remain the following two candidates for two seats I declare them duly elected:—

1. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
2. The Honourable Khan Bahadur Mian Ali Baksh Muhammad Hussain.

TRADE MARKS BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary): Sir, I move:—

"That the Bill to provide for the registration and more effective protection of Trade Marks, as passed by the Legislative Assembly, be taken into consideration."

In India, Sir, we have a noticeable and rather unusual position relating to the general economic life of the country in that we have side by side what survives of the old village economy, in which the maker of goods was in personal touch with the consumer, and also the development that has taken place particularly within the last century of large-scale industry, whether industries located in India or industries abroad the importation of the products of which have been facilitated by many developments of recent generations. Now, Sir, in the old village economy there was no necessity for anything of the nature of a Trade Mark, but once large-scale industry developed some substitute had to be found for that personal contact between maker and consumer which existed and exists in village life. That of course has been a process of development which has lasted through many centuries. But as the speed of industrial development accelerates so it becomes a more and more important consideration. The consumer cannot go to the maker of his goods and say, "I want such and such a thing", but he can satisfy himself that he will get what he wants if he is in a position to buy the goods of a particular maker according to the standardisation that that particular maker uses. It is therefore wholly to the advantage of the consumer—except in the comparatively rare case where there is real fraud on the part of the manufacturer—that he should be helped to know that he is buying exactly the article that he has been led to expect to get either because of his past experience of it or because there has been some recommendation from others to him. It is the Trade Mark that performs this function. So in recent generations the importance of the Trade Mark has been more and more clearly perceived. And if of value to the consumer, it is also of no less, and probably of more, value to the producer, who is enabled thereby to ensure that the customer who wants to buy his goods will succeed in getting them and will, it may be hoped, to use the words of the advertisement, "Refuse all substitutes". Consequently, to the producer or manufacturer the Trade Mark is really a valuable property. Now, like other properties, it is and has been for a very long time protected by what one might call the ordinary processes of the civil and criminal law. The infringement of a Trade Mark is an offence under the Indian Penal Code. It is also possible to establish a right to a Trade Mark under common law in the civil courts. Experience has been accumulating for many years to show that to rely upon these defences

[Sir Alan Lloyd.]

is insufficient protection for the manufacturer, the owner of the Trade Mark, and these devices have to be supplemented, if Trade Mark owners are to be properly protected, by a system of registration of Trade Marks.

The question of introducing such a system has been ventilated in this country for a great many years, from almost immediately after the Act for the protection and registration of Trade Marks in the United Kingdom was passed by Parliament, and that was as long ago as 1875. Until recently there has, however, been difficulty felt in coming to a conclusion that the time had really arrived for the establishment of such a Register in India. Now, Sir, it is commonly agreed that the time has arrived, if we are not already rather on the late side. It is in order to give effect to this decision, which I put forward not as a decision of Government but as a decision of the whole commercial community in India, that the present Bill has been presented. The provisions of the Bill have been the subject of the most careful and detailed study in consultation with commercial opinion. The procedure adopted has been, if a little slow, certainly very sure in securing that no points of view were left without being taken into account. When the first decision was reached by Government that they would propound proposals of this kind a Memorandum was circulated for the opinion of commercial bodies. The opinions received were examined by a special officer and he framed a report and drafted a Bill in the light of those opinions. The draft Bill was again circulated to all commercial bodies and subjected to further scrutiny by them. Finally, another draft Bill was prepared which was introduced in the Legislature in the last autumn session and was referred to a Select Committee which met in February last. In the interval the Bill was again reviewed by various commercial organisations and their criticisms were further considered by the Select Committee which carried out a few amendments in the Bill. Finally, Sir, in the other place one more important amendment which had not been embodied in the Select Committee's report was made providing for the submission of appeals against orders of the Deputy Registrar in Bombay to the Bombay High Court, whereas appeals from the Registrar in Calcutta lie to the High Court in Calcutta. With this history of the detailed examination of the provisions of the Bill behind us I do not think that the House will ask me at this stage to make any elaborate analysis of the provisions of this Bill. I am sure that all Members of this House who have taken an interest in the subject have kept themselves fully informed of the developments. Without more ado, therefore, I will ask the House to agree to my Motion that the Bill be taken into consideration.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I welcome this measure and thank the Government for bringing this Bill forward before the Central Legislature. There has been a lot of unpleasantness and litigation on Trade Marks. Various Chambers which at present exist in the country had not had the full list of the Trade Marks and the result was that litigation began on a large scale. Being a member of several Chambers of Commerce I had that experience because the information as regards Trade Marks was not in possession of every Chamber. Certain Chambers used to register Trade Marks but they had no information as regards registration of Trade Marks in other Chamber bodies. I hope, Sir, that in the rules which are subsequently to be made Government will see that a list of Trade Marks is supplied to every Chamber, so that unnecessary unpleasantness and litigation may not arise. I support the Motion.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadan) : Sir, I have great pleasure in welcoming this Bill and I congratulate most heartily the Government on behalf of the business community. This Bill will help a great deal and avoid the disputes and trouble which used to take place. On behalf of the business community of India I accord my full support.

THE HONOURABLE THE PRESIDENT: Motion made :

" That the Bill to provide for the registration and more effective protection of Trade Marks, as passed by the Legislative Assembly, be taken into consideration. "

Question put and Motion adopted.

Clauses 2 to 20 were added to the Bill.

Clauses 21 to 40 were added to the Bill.

Clauses 41 to 60 were added to the Bill.

Clauses 61 to 85 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed. "

The Motion was adopted.

INDIAN COINAGE (AMENDMENT) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :

" That the Bill further to amend the Indian Coinage Act, 1906, as passed by the Legislative Assembly, be taken into consideration. "

The object of this Bill, Sir, is to authorise Government to issue silver quarter rupees in future with a silver content of one-half and an alloy content of one-half as against the existing fineness of eleven-twelfths silver and one-twelfth alloy. The reason for the change is obvious, namely, economy in the use of silver for currency purposes. At a time such as the present the demand for silver for bullion purposes is heavy and uncertain and, although we started the present war with abnormally high stocks, the recent run on silver for bullion purposes gave us an indication supporting the experience of the last war of the extent to which demand for silver for bullion purposes might arise. I might straightaway remove any misapprehensions as to there being any serious doubt as to the adequacy of our stocks. We still have ample stocks ; but at a time like this it is obviously the part of prudence and of wisdom to economise and conserve the use of silver for currency purposes as far as possible. The desirability of so doing is accentuated by the fact that at a time such as the present of increasing trade activity and rising prices there is a considerably increased demand for the use of silver coin, and of small coin in particular, and at present both our mints are turning out small coins and quarter rupees in particular as fast as they possibly can ; and it must be obvious that to turn out quarter rupees with the fineness of 50 per cent. silver is unnecessarily extravagant in the use of silver. Honourable Members will remember that for some years we had a nickel quarter rupee. The minting of this nickel quarter rupee was discontinued in 1925 mainly for the reason that as it was so easily susceptible of counterfeiting the coin proved unpopular. But the plain fact remains that all our silver currency is token currency ;

[Mr. C. E. Jones.]

the quarter rupee in particular is a token coin and so the reduction of the silver content is by no means a revolutionary proposal. Honourable Members may also be aware of the fact that the silver coinage in England has been 50 per cent. silver and 50 per cent. alloy since the year 1920 and the experience of 20 years of continuous use of silver coinage of this fineness has shown that there need be no apprehensions as to the coin not standing up to use. The English silver currency has lost nothing by the reduction of its silver content and there is no reason to suppose that conditions will be different here. The weight, the size, the shape of the coin will be in all respects the same as now, but for the purpose of economising for currency purposes the use of silver, this Bill provides merely for the reduction of the silver content to one-half. I do not think I need say anything more. The proposal is a simple one. It has been accepted by the Legislative Assembly and I anticipate that it will not be objected to in this Council.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I have not been able to quite understand why the proportion of silver in the quarter rupee coin has been reduced to 50 per cent. and 50 per cent. alloy has been mixed with it. I shall therefore be obliged if the Honourable Member will give me the reasons.

THE HONOURABLE THE PRESIDENT : The Honourable Member has just given reasons.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Those reasons are not convincing enough.

THE HONOURABLE THE PRESIDENT : Have you got anything more to say ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : No, Sir.

THE HONOURABLE THE PRESIDENT : Motion made :

" That the Bill further to amend the Indian Coinage Act, 1906, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

FACTORIES (AMENDMENT) BILL.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary) : Sir, I move :

" That the Bill further to amend the Factories Act, 1934, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

With the passage of years, the Central Government has, with the support of Provincial Governments, been building up a code of law regulating the employment of children in factories. In this field of humanitarian endeavour we are every year and in every way getting better and better. The prohibition of the employment of children below the age of 12 goes as far back as 1881 when the first Factories Act was passed. From seven the prohibited age was gradually increased to 12 in 1922 and this limit was incorporated in the Consolidating Act of 1934. After an interval of four years, in 1938 we made a further advance. The Employment of Children Act prohibited the employment of children under 15 in any occupation connected with the transport of goods or mail by railway or the handling of goods within the limits of any port. In the next year, 1939, the Employment of Children (Amendment) Act prohibited the employment of children under 12 in workshops, that is, industrial premises employing less than 20 workers, if employed on certain named processes considered injurious to children. And now it is proposed in the Bill which is before the House to apply the provisions of the Factories Act dealing with health and safety to power factories employing from 10 to 20 persons, if any of these persons is under 17. Provincial Governments are given power to extend these provisions by notification to power factories employing less than 10 persons if any one of these persons is under 17. In the Bill as submitted to the Assembly it was left to the discretion of the Inspector to call for particulars concerning a small factory from its occupier. It was suggested in the course of discussion in the other place that it would be a desirable advance if every occupier of a small factory was made to furnish the requisite particulars without being first required by the Inspector to do so. This suggestion was accepted by Government. It does not enlarge the scope of the Bill but is designed to speed up the process of inspection. Government do not claim that the Bill which is now before this House is the last word on the subject of the legislative protection of non-adult labour. It is, like its predecessors, a cautious advance on what has gone before and, as such, I commend the measure for the acceptance of the House.

Sir, I move.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, I welcome this Bill. I believe that this Bill will meet a great desideratum which is now felt in regard to the safety of children employed in the smaller factories to which the Indian Factories Act does not extend. The desirability for this legislation was suggested by the Royal Commission on Labour and all that could be said by way of criticism of this Bill is that this Bill does not come a day too soon, that it is a measure which ought to have been taken up by the Government some years ago at least. However, I am glad that the Honourable the Commerce Member, who is now in charge of this Portfolio, is one who takes a very keen interest in seeing that all loopholes are plugged. He has thus taken steps now to see that where they are really needed these conditions are applied, and I congratulate him over the step he has taken to provide for the safety of children in small factories.

With these words, Sir, I support the Bill.

THE HONOURABLE THE PRESIDENT : Motion made :

" That the Bill further to amend the Factories Act, 1934, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

THE HONOURABLE THE PRESIDENT: Honourable Mr. Lal, I would advise you to take up your three amendments to clause 2 separately.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official): Very well, Sir. Sir, I move:

"That in clause 2 of the Bill, proposed sections 59B and 59C be omitted."

Sir, this amendment is consequential on the amendments accepted in the other House.

One of the amendments there accepted was that sub-section (1) of section 9 should be included among the provisions made applicable to small factories wherein any non-adult worker is employed. Now, sub-section (1) of section 9 is in substantially the same terms as part (b) of the proposed section 59B set out in clause 2 of this Bill and, therefore, part (b) has become redundant.

Another amendment accepted in the other House omitted the words "at any time after the expiry of thirty days from the receipt of a notice under section 59B in respect thereof" which originally occurred in the proposed section 59D. The result of the omission of these words is that the application of the provisions of the Factory Act mentioned in the proposed section 59D to small factories employing non-adult labour will be automatic and will no longer be dependent upon the service of a notice under the proposed section 59B. The issue of notice under section 59B would, therefore, be meaningless and the amendment accordingly aims at the elimination of the proposed section 59B.

The elimination of the proposed section 59B involves also the elimination of the proposed section 59C.

Sir, I move.

The Motion was adopted.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:

"That in clause 2 of the Bill in proposed section 59E, the words and figures 'of section 9 and ' be omitted."

Sir, I have already explained that this amendment is consequential.

The Motion was adopted.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:

"That in clause 2 of the Bill, proposed sections 59D and 59E be renumbered as 59B and 59C respectively."

Sir, this is only a drafting amendment.

The Motion was adopted.

Clause 2, as amended, was added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move:

"That clause 3 of the Bill be omitted."

Sir, this is also a drafting amendment.

The Motion was adopted.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. S. A. HYDARI: Sir, I move:

"That the Bill, as passed by the Legislative Assembly and as amended by the Council of State, be passed."

The Motion was adopted.

RESERVE BANK OF INDIA (CLOSING OF ANNUAL ACCOUNTS) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary): Sir, I move:

"That the Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed, as passed by the Legislative Assembly, be taken into consideration."

The object of this Bill, Sir, is merely to enable the Reserve Bank of India to close its accounts on the 30th of June instead of the 31st of December. No amendment of the Reserve Bank of India Act is intended or will follow. The object is to enable the Bank, notwithstanding the existing provisions of the Reserve Bank of India Act, to close its accounts for the half year on one occasion ending the 30th June so that, thereafter, its annual accounts may be closed on that date. The Bill merely provides that on this one occasion—non-recurring—the change over may be made, and thereafter conditions will operate as usual. The reasons for which the Bank desires the change are given in the Statement of Objects and Reasons which I might perhaps summarise and just elaborate a little. The present date of closing the accounts—31st December—happens to coincide firstly with a number of holidays, the Christmas and New Year holidays; it happens to coincide also with the height of the busy season, and it happens further to coincide with the date on which there is normally the maximum outflow of currency. In these circumstances, the Bank has found in actual experience considerable difficulty in adjusting and closing its accounts and in preparing its annual report within the period prescribed by section 14 of the Reserve Bank of India Act, and it is merely for the purpose of changing those operations to the middle of the slack season, i.e., the 30th June, that this Bill is presented. The 30th June as a matter of fact has considerable advantages as the date of the end of the Bank year apart from those which I have mentioned which in themselves, I submit, are sufficient. On the 30th June, the cash resources of the Bank are always ample and no transfers of currency are normally required at that time, so that the Bank is free to devote its attention to closing its accounts and preparing its annual report. The busy season commercially runs from the end of October to the end of May, so that July is a better month for writing the annual report giving a balanced account of Indian conditions throughout one year than is January which, as I have already mentioned, comes right in the very middle of the busy and most active season. Incidentally, the change will enable the Bank to embody in its annual report the Government's figures for the financial year which ended on the 31st March previously, which is a matter of some importance from the statistical point of view. For all these reasons the Bank has requested Government to undertake the necessary legislation to permit the change over of dates to be made and I anticipate that this House will be prepared to accept the suggestion.

Sir, I move.

The Motion was adopted.

Clauses 2 to 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES : Sir, I move :

"That the Bill as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INDIAN EMIGRATION (AMENDMENT) BILL.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education Health and Lands Member) : Sir, I move :

"That the Bill further to amend the Indian Emigration Act, 1922, as passed by the Legislative Assembly, be taken into consideration."

It is a very short Bill of two clauses and the Statement of Objects and Reasons I think explains fully the necessity for this Bill. In clause 2 we are empowering the Protector of Emigrants to have the same powers as regards the detention of passengers and vessels as the Officer of Customs. As regards clause 3, we found that emigration as defined in the Emigration Act has a special significance and means (1) a departure by sea out of British India of any person who departs under an agreement to work for hire in any country beyond the limits of India, and (2) emigrant means any person who is assisted to depart otherwise than by a relative if he departs with the purpose or with the intention of working for hire or engaging in agriculture in any country beyond the limits of India. Well, under the Act if any person who comes under these two definitions commits an offence, then the offence is cognizable by the police. But in August, 1938, this definition was expanded and a new section was added section 30A of the Act, which not only confines "emigration" to the two purposes which I have already read out, but which extends it to departure by sea out of British India to any specified country beyond the limits of India for the purpose of unskilled work unless possessed of a prescribed permit or otherwise exempted by general or special order. We have found that while offences under emigration as defined in section 2 (c) (i) and (ii) were cognizable by the police, offences against section 30A of the Act were not so. We are now merely filling this gap. When this Bill becomes law any offences committed in contravention of section 30A will also be cognizable by the police.

Sir, I move :

The Motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

RESERVE BANK OF INDIA (AMENDMENT) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :

"That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

This legislation, Sir, arises out of the fact that the Government of Ceylon have decided to run their own currency. The present monetary unit in Ceylon is by law the Indian rupee. Ceylon notes are backed by and are convertible into Indian rupees. The Ceylon Government propose to establish a Board of Commissioners to run their own currency, and with the establishment of the Board they will introduce their own Ceylon rupee. Until a date to be appointed by the Governor the Indian rupee will continue to be legal tender in Ceylon and will continue to be received in exchange for Ceylon coins and Ceylon notes. After that date the Indian rupee will cease to be legal tender in Ceylon ; but it is obviously in the interests both of India and of Ceylon, considering the close inter-connection in trade and otherwise between the two countries, that their currencies should be linked, and it is proposed to make Ceylon rupees and Indian rupees convertible at par. This will be managed by arrangement with the Reserve Bank of India, so that Ceylon rupees paid in Ceylon into the Bank account can be met by a payment of Indian rupees at par in India. To enable the Reserve Bank to do this, the Reserve Bank will itself hold a portion of the Ceylon Currency Security Fund, and if the Reserve Bank has not sufficient Indian rupees to the credit of the Ceylon Government, they will either advance a loan to the Ceylon Government on the security of the portion of the Security Fund held by them or sell a portion of the Fund. Under the Act as it stands the Reserve Bank would not have power to make such an advance to the Ceylon Board of Currency Commissioners, because they are only allowed to advance to Banks, and moreover under the Act as it stands the Reserve Bank would not be empowered to act as the Agent for the Ceylon Board. The changes in the Act now proposed are merely to give the Reserve Bank these powers which it will need for the purposes which I have described.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

ARBITRATION BILL.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official) : Sir, I move :

"That the Bill to consolidate and amend the law relating to Arbitration, as passed by the Legislative Assembly, be taken into consideration."

Sir, I have very little to add to what is already stated in the Statement of Objects and Reasons. The existing position in the matter of arbitration is very unsatisfactory. Two systems of law are in operation at present side by side, one represented by the Indian Arbitration Act of 1899, which provides for arbitration in important towns, and the other represented by the Second Schedule to the Code of Civil Procedure, which provides for arbitration in the mofussil. This is one system too many, and besides both the systems of law fall far short of the requirements of the time. The Bill proposes therefore to

[Mr. Shavax A. Lal.]

consolidate the law on the subject and also to endeavour to supply the deficiency.

Sir, I move.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-official): Sir, a comprehensive law of arbitration has been long overdue. The operation of the Act of 1899 was confined only to a small area and the rest of the country had to be left without a proper law of arbitration. The provisions of the Civil Procedure Code were no doubt made use of, but that affected only a very small portion of the litigant public. A comprehensive law of arbitration ought to prevent ruinous and unnecessary litigation, if only people would take the trouble to make use of its provisions. This Bill, Sir, is a very satisfactory one so far as it goes, but there are a number of things which have to be not appended but added to the provisions. For instance, I will only draw the attention of the Government to clause 5 of the First Schedule. I do not want to make a long speech. The clause says :

" The umpire shall make his award within two months of entering on the reference or within such extended time as the Court may allow ".

Supposing one of the parties is refractory or is obstructive, what is the umpire to do ? He must give his award within two months. Supposing the party does not appear or puts obstacles in the way of the umpire, then he must apply to the Court. That is not always an easy matter. Even if he does apply, the obstructive party may stand in the way of the award being given in time. I find that the High Court has been given power to make rules, but I do not think the power as provided by section 44 is comprehensive enough to provide against such things as this. Moreover a refractory or an obstructive party ought to be penalised by the Court either by awarding costs or by giving compensation when the party really affected applies to it. When two persons go to arbitration and one person is obstructive, the other person has got the right to apply to the Court ; but the Court must have the power to penalise the man who obstructs the course of justice or puts obstacles in the way of the umpire or the arbitrator doing his or their work. There are one or two more things like that. I hope Government will see their way, either by rules or by amendment, to supply these deficiencies. Sir, I welcome the provisions of this Bill.

THE HONOURABLE THE PRESIDENT : Motion made :

" That the Bill to consolidate and amend the law relating to Arbitration, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

The First Schedule was added to the Bill.

Clause 3 was added to the Bill.

Clauses 4 to 40 were added to the Bill.

The Second Schedule was added to the Bill.

Clause 41 was added to the Bill.

Clauses 42 to 48 were added to the Bill.

Schedules III and IV were added to the Bill.

Clause 49 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : Before I adjourn the House. I wish to remind Honourable Members that a group photograph will be taken tomorrow at 10-30 A.M. and I request all Members who desire to attend to appear precisely according to the time fixed as we have got a very busy day tomorrow.

The Council then adjourned till Eleven of the Clock on Wednesday, the 6th March, 1940.

COUNCIL OF STATE.

Wednesday, 6th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

COMMUNAL REPRESENTATION IN CERTAIN SERVICES.

38. THE HONOURABLE MR. HOSSAIN IMAM; Will Government state whether there is reservation for communal representation in the following services? If there are no reservations, what are the reasons, and when was the fact that there was no reservation notified?

(a) *Services*.—Indian Medical Service, Indian Police Service, Indian Audit and Accounts Service,

(b) *Services under the following Departments*—Imperial Council of Agricultural Research, Indian Stores and Telegraph Engineering.

THE HONOURABLE MR. E. CONRAN-SMITH: The Resolution of the 4th July, 1934 regarding communal representation in the Services applies to all the services mentioned other than the Indian Medical Service and the Indian Police. A few miscellaneous posts requiring high technical or special qualifications have been excluded from the scope of the reservations under paragraph 6 of the Resolution. The Indian Medical Service being a Military Service is exempt from the provisions of that Resolution. No specific proportions have been prescribed for communal representation in the Indian Police, as recruitment to this Service is made on a provincial basis. In order that minority communities may secure adequate representation in the Service, Provincial Governments propose, when necessary, the reservation of a suitable number of vacancies for members of those communities. Provincial Governments are also required to submit yearly a statement showing the figures of communal representation in the Service.

COMMUNAL PROPORTIONS IN DIRECT RECRUITMENT AND PROMOTIONS TO CERTAIN SERVICES.

39. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement showing the appointments made in services mentioned in the preceding question between August, 1934 and December, 1939, giving communal proportions in respect of direct appointments and by promotion and the numbers in each category?

THE HONOURABLE MR. E. CONRAN-SMITH: The information is being collected and will be laid on the table of the House in due course.

ANNUAL RECRUITMENT OF APPRENTICES BY THE E. I. R. FOR THE RAILWAY
TECHNICAL SCHOOL, JAMALPUR.

40. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is any proportion of the annual recruitment of apprentices for the E. I. R. Technical School, Jamalpur, reserved for inhabitants of any province or members of any community ? If so, will Government give full information on the subject ?

(b) Are any vacancies reserved for the residents of the United Provinces ? What is the number of such men selected as apprentices during the last five years ?

(c) What steps do Government propose to take for the selection of candidates in an adequate proportion from the United Provinces, a very large part of which is served by the E.I.R. ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) Yes. In view of the fact that the Bihar Government gave a grant in 1923 towards the capital cost of the Jamalpur Technical School and have continued since then to give an annual grant each year, a certain proportion of the vacancies at the Jamalpur Technical School have been reserved for Biharis. For the five years, 1934 to 1939, one-third of the vacancies for Indians each year has been given to Biharis. This reservation for Biharis will continue for the next five years subject to the Bihar Government having funds available to make their annual grant. No other province makes a contribution towards the annual cost of the School. Reservation is also made under the rules regarding communal representation as applied to Railways. The percentage reservations are :—

Anglo-Indians	55
Muslims	19
Other minorities	1.5

Bihari Muslims count against the 19 per cent. reservation for Muslims.

(b) The answer to the first part is in the negative. As regards the latter part, Government have no information as staff statistics are not maintained on a provincial basis.

(c) Government do not accept the policy of recruitment into railway services on a provincial basis.

THE HONOURABLE MR. HOSSAIN IMAM : Why was the reservation fixed at 19 per cent. for Muslims in place of the 25 per cent. as fixed in the Government Notification ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The total reservation throughout India is 25 per cent. but it is impossible to give 25 per cent. for each railway because, take the S. I. R. where there are very few Muslims, we could not have got the Muslims. Therefore, each railway was given a separate reservation to bring the whole up to 25 per cent.

THE HONOURABLE MR. HOSSAIN IMAM : This is an All-India service and not only for the E.I.R.?

THE HONOURABLE SIR GUTHRIE RUSSELL : For the whole of India. The reason for fixing the percentage at 19 per cent. for the E. I. R. is because that is the correct proportion on a population basis. On the N. W. R. it is 60 per cent.

THE HONOURABLE MR. HOSSAIN IMAM : Does this School take apprentices only for the E. I. R. or for all Indian Railways ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Jamalpur takes apprentices for the E.I.R. only.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is the Honourable Member aware that qualified candidates from the United Provinces have very seldom been able to obtain any vacancies worth speaking of in the Jamalpur school ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I was not aware of that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Does the Honourable Member remember that I drew his attention to it the year before last ?

THE HONOURABLE SIR GUTHRIE RUSSELL : It is quite impossible to make recruitment on a provincial basis. We have already got Muslims, Hindus, Anglo-Indians and other minority communities. The E.I.R. runs through three provinces and a combination of all these circumstances would make recruitment absolutely impossible.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, it is not my desire that Jamalpur should give preference to the United Provinces candidate nor do I desire to ask that recruitment should be made on a provincial basis, but is it not desirable that recruitment should be made in such a way that no province may find itself practically excluded year after year ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Sir, I should think it is probable that the majority of the vacancies not reserved go to the United Provinces because the Works are there or near them. Jamalpur is actually in Bihar but Lucknow is in the United Provinces.

FOREMEN, ASSISTANT FOREMEN AND CHARGEMEN IN THE RAILWAY WORKSHOPS, LUCKNOW, E. I. R.

41. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) How many supervisory subordinate posts of foremen, assistant foremen and chargemen in the Lucknow Workshops of the E.I.R. are held by the residents of the United Provinces and how many by non-United Provinces men ?

(b) How many candidates from the United Provinces were selected by Government during the last three years for training in the Jamalpur Technical School and ultimately posted to these shops ?

(c) Do Government contemplate the employment of United Provinces men in these shops to a much larger extent ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) Government have no information as staff statistics are not prepared by provinces.

(b) & (c). I would refer the Honourable Member to my reply to parts (b) and (c) of his question No. 40.

FOREMEN, ASSISTANT FOREMEN AND CHARGEMEN IN RAILWAY WORKSHOPS OF THE E. I. R. IN POSSESSION OF MECHANICAL ENGINEERING QUALIFICATIONS.

42. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) How many foremen, assistant foremen and chargemen in the various E.I.R. workshops possess recognised Mechanical Engineering qualifications over and above the usual technical school training ?

(b) What special encouragement is given to these men to acquire these extra qualifications and how are these qualifications appreciated by the authorities ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have called for information and will lay a reply on the table of the House in due course.

STARTING SALARY OF CHARGEMEN IN RAILWAY WORKSHOPS OF THE E.I.R.

43. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is the initial starting salary given to chargemen in the E.I.R. workshops Rs. 100 or Rs. 120 per mensem at the discretion of the appointing authority ?

(b) If so, what are the principles on which a higher start is given to some ?

(c) Is the higher start mostly given to Anglo-Indians and does the higher salary make them senior to those who are appointed on a salary of Rs. 100 per mensem ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) The starting pay is Rs. 100, 110 or 120 in the scale of pay of technically trained chargemen.

(b) The abilities of an apprentice in both technical and practical work as well as his reports during the five years training.

(c) No. During the last three years 13 ex-apprentices were appointed on the completion of their training on a pay higher than Rs. 100, of whom nine were Indians and four Anglo-Indians. Seniority is normally based on the date of completion of apprenticeship.

THE HONOURABLE MR. HOSSAIN IMAM : Are the chargemen taken as apprentices ? Is the appointment made from apprentices ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The idea in training these apprentices is to fit them for posts of chargemen.

NUMBER OF QUARTERS RESERVED FOR SUBORDINATE SUPERVISORY STAFF OF THE RAILWAY WORKSHOPS, LILLOOAH.

44. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) How many residential quarters in the E. I. R. colony at Lillooah are reserved for the subordinate supervisory staff working in the workshop there ?

(b) How many of them are in the occupation of Anglo-Indians and how many in the occupation of Indians ?

(c) On what principles are these quarters allotted to the staff ?

(d) Are Government aware of the difficulties experienced by the lower paid Indian supervisory staff of the Lillooah workshops in getting suitable houses ? Do Government propose either to allot them quarters or grant

them suitable relief in the way of a house rent allowance or afford them facilities for building their own houses ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have called for information and will lay a reply on the table of the House in due course.

TRANSFER OF THE TRAIN LIGHTING SHOPS, LILLOOAH AND LUCKNOW, TO THE CONTROL OF THE CHIEF MECHANICAL ENGINEER.

45. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Do Government propose to transfer the train lighting section of the Lillooah workshops from the control of the Mechanical department to that of the Electrical department ?

(b) If so, will the proposal involve the transfer to the cadre of the Electrical department of a number of men trained in the mechanical line who have had no training in and experience of power house work ? Will not such a position affect adversely their future prospects ?

(c) Do Government propose to consider the advisability of retaining such men in the mechanical line instead of transferring them to a different line ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) A proposal is under consideration to transfer the staff of the train lighting shops at Lillooah and Lucknow from the control of the Deputy Chief Mechanical Engineer, Lillooah, and the Works Manager, Carriage and Wagon Shops, Lucknow, respectively, to the control of the Chief Electrical Engineer.

(b) The staff have been trained in electrical train lighting and there will be no change in their duties nor in their legitimate avenue of promotion in the train lighting group.

(c) Does not arise.

STATEMENTS, ETC., LAID ON THE TABLE.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I lay on the table a copy of the Central Government Appropriation Accounts (Posts and Telegraphs), 1938-39 and the Audit Report, 1939.

GENERAL DISCUSSION OF THE GENERAL BUDGET FOR 1940-41.

THE HONOURABLE THE PRESIDENT : The debate on the Budget, Part II, will now proceed. As usual I shall not fix any time limit but I will leave that question to the good sense and sound judgment of Honourable Members. I would only request that some of the Honourable Members will not repeat their arguments as it will lead to a great saving of time, if they will only say what they have to say and not continually go back to their arguments as they have sometimes done in the past. I shall call upon the Honourable Sir Jeremy Raisman to reply to the debate any time between 4 and 4-30 P.M., if not earlier.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : With your permission, Sir, I would like to tender to the House the apology of the Honourable the Finance Member for his inability to attend this discussion from its

[Mr. C. E. Jones.]

beginning. He is engaged in the Legislative Assembly at the present time and intends to come to this House as soon as his duties there permit.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official): Sir, I offer my sincere congratulations to the Finance Member and the Finance Secretary for the able and clear financial statement of the Budget and for the lucid explanation of the defence expenditure, taking the public into confidence in regard to many important matters relating to defence expenditure, the circumstances for the modification of the Chatfield scheme and the financial adjustment of war expenditure between India and Great Britain. These are new features for which we should be very grateful to the Finance Department.

Sir, this is a war time budget. The war has placed a great strain on the finances of India. Otherwise, we would have had a very prosperous budget. We must be prepared for a greater strain yet as warned by the Finance Member. Rs. 376 lakhs is the burden which this year we have to bear, and next year the Indian revenue is called upon to bear Rs. 839 lakhs as a result of the settlement between Great Britain and India in regard to war expenditure. The total estimate of revenue is Rs. 85.43 crores over an expenditure of Rs. 92.59 crores, thus leaving a deficit of Rs. 7.16 crores. So far as we could see, the Budget has been very carefully prepared. It is understood that the railway contribution will be allotted wholly to central revenues. This is as it should be. The provincial share of income-tax, which was raised from Rs. 178 lakhs to Rs. 238 lakhs in 1939-40 is raised to Rs. 300 lakhs for the next budget year. Thus, provinces are dealt with liberally though there is the modification of the Neimeyer award which no doubt deprives them of a certain percentage of the revenue. But that could not be helped as the entire revenue from the balances from the railway finances goes to the general funds and it is only from income-tax that the provinces have to share. But this is not to be regretted because, in the provinces, during the last two and a half years, we have had the burden of several new taxes imposed which is not for the benefit of agriculture or industry or for the promotion of the economic interests of the people. It is with a view to feed the fetish of a political stunt that the whole amount of burden has been placed on the people. Sir, while we cry aloud that agriculture and industry have been treated with scant courtesy during the regime of popular Governments, still no adequate provision has been made for the improvement of agriculture or to help industry. Sir, it was expected that the deficit of Rs. 7.16 crores would be covered by the proceeds of the railway balance and excess profits tax, the principle of which has been accepted by all. But it was pointed out very shrewdly by the Finance Member that our calculations cannot be certain. The Finance Member seemed to have more certain data for arriving at the figure which he has arrived at. Therefore, the plan to tide over financial difficulties was carefully prepared and clearly executed without offending much the struggling industries and dislocating the economic condition of trade and commerce. Consideration no doubt has after all been paid to the great industries which are now under great difficulties. There is no doubt whatever that as a result of the war, the export trade of the country was largely encouraged. According to a report which appeared recently in the *Times of India*, Indian exports to foreign countries were Rs. 350 lakhs over and above what they were in the last year. The exports to the Dominions have been very much encouraged. For instance, to Canada and New Zealand the exports were about 100 per cent. more than what they were in the previous year, and to South Africa and the African Colonies there was an increase of about 70 per cent. in exports. Thus we see that the Empire countries have

been receiving exports from India though we have lost the export trade to Germany and much to Italy. The depression that there was last year and the year before last with regard to large industries has now happily gradually disappeared and prosperity has just begun to rise. The war no doubt benefited some industries and a few have made large profits. But most of them have yet to make up the losses which they have sustained during the last two years. The war benefited some industries no doubt. But other industries are not in a position to lay by anything for their lean years. The compensation to labour for rise in prices is a great disturbing factor to be taken note of.

Sir, I need hardly mention to this House that it is a very conservative estimate of revenue which the Finance Department has made in connection with the revenue from the excess profits tax. While in 1919, almost for one year the profits realised were about Rs. 9 crores, it is a very conservative estimate to say that the Finance Department expects only Rs. 3 crores. It has been explained elsewhere by the Honourable the Finance Member that he has got more certain data and greater certainty as to facts for arriving at the estimate which he has arrived at. He thinks that we, who challenge his decision, are not right. Similarly, in connection with the customs revenue, from the revised estimate of Rs. 50 crores there is a reduction to Rs. 46 crores, thereby showing a reduction of Rs. 4 crores in the estimate of customs revenue. The reason for this is said to be that shipping facilities are not great and owing to this imports next year may be affected and therefore it is desirable that there should be a conservative estimate of the customs revenue. On the other hand I would draw the attention of the Honourable Finance Member to the repeated assurances given by the British Ministers, down to the other day, in the House of Commons and in broadcast speeches, that their first care will be to see that exports from and imports into Great Britain should continue and will be safeguarded and protected from enemy attacks. In view of that, the explanation that this estimate has been made because of the fear of loss of imports is not at all sound. On the contrary we find from the figures of imports for the month of January that they are much greater than for the previous year. Bombay leads in having imports for January valued at Rs. 710 lakhs against Rs. 544 lakhs in January of last year. Bengal follows with Rs. 551 lakhs against Rs. 486 lakhs last year. Madras imports during January were valued at Rs. 238 lakhs compared with Rs. 200 lakhs last year, and Sind imports were Rs. 140 lakhs compared with Rs. 167 lakhs in January last year. Thus, we find from these figures that the import trade has been carried on systematically to a greater extent than in the previous year. Therefore it seems to me that the estimate of Rs. 46 crores instead of Rs. 50 crores is not at all a correct one. It is therefore necessary that this item should be revised. There seems to be no reasonable apprehension for under-valuing and under-estimating income under this head. But, Sir, the Honourable Finance Member has explained both in the case of the excess profits tax and in the case of customs revenue that they have got more reliable data available to them and hence their estimate. I referred to the economic position of agriculture and industry. Some industries are not yet able to make up the ground lost in the depression. The sources of revenue must recover strength and power to bear further taxation. It will be necessary to consider the question of loans to meet the deficits. The point is this. If agriculture and industry are not in a condition to bear any additional burden of taxation, and if these sources of revenue are to be dried up in this way, then is it sound financial policy that the whole burden should be placed on this generation. Expenditure on this war is an insurance. It is a capital investment. Why then should this generation alone undertake the burden? Especially when it is unable to do so. The burden should be shared

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by the future also. That aspect should be considered. I know that the Honourable Finance Member, in referring to this question of covering the deficit in part from loans, expressed his opposition to the idea. Of course that is the orthodox view, that this generation should bear the expenses of the war and not leave it to the future. The idea is that we should leave a sound legacy to the future. I do not dispute that as far as possible the taxpayer of the day should bear the burden and pay for peace and freedom from war. But this war for freedom is going to benefit the future also. The expense is a sort of capital investment. A line must be drawn beyond which the revenue account should not be subjected to bearing the burden. Suppose again there is an emergency arising tomorrow. Are agriculture and industry to bear the whole burden? What is happening in British and other finances. Even today it is announced that they are going in for another loan of £500 millions to meet war expenditure. That is a question that requires very serious consideration. It cannot be that the revenue account should bear the entire burden. The future must also share in it. Industry and agriculture are not now able to compete with imports in spite of being protected in some cases. Where then is the stimulus for improvement if you dry up the sources, especially those which affect agriculture. The question has also to be considered whether there is enough staying power at present in agriculture to bear a heavier liability and whether it is feasible under present economic conditions. Taxation is not the only method of raising revenue. It is a matter for serious consideration whether a loan should not be raised.

The other point is the extent to which India is involved in her external defence. That requires careful scrutiny. The Chatfield scheme had the merit of at least stabilising the defence expenditure, which was estimated at Rs. 45 crores. A doubt arises in my mind as to whether the Chatfield scheme has been altered by the present arrangement. If it is altered, is it for the benefit of India that the scheme has been so altered? In the first place we had to criticise the Chatfield scheme itself, and now the modifications seem to be worse. The doubt therefore arises whether the present scheme is for the benefit of India. India's liability for external defence was fixed at the normal expenditure of one-tenth of the army. Should Indian troops be called upon to any greater extent, observed the Finance Secretary in September last, His Majesty's Government will pay. Whenever any portion or the whole of India's external defence forces outside Indian limits are engaged in the discharge of India's responsibility for her external defence it is said that India should accept some share of the cost. This is the result of the arrangement now come to that an item of one crore of rupees has been provided for in the Budget for the year. Sir, I strongly oppose the tendency to water down the Chatfield recommendations and I also oppose the suggestion that India should bear any extra burden on account of these external forces. The tendency to water down has been known for some time but this modification was not expected. I hold that India shall not pay for what the Imperial Government is liable. When those forces are sent out of India India will have incurred great additional expenditure for defence purposes apart from internal defence. This additional expenditure would be part of the joint liability. I therefore hope that the Government of India would not easily submit to any further liability in this matter. The extra cost of the external defence has to be borne by Imperial finances. Those whose political faith is centred in the four pillars of Swaraj may not trouble themselves to examine the advantages of this scheme. The total amount of the net annual defence expenditure incurred in India during the war will exceed the aggregate of items 1 to 3 stated in the Finance Member's speech.

It will be recovered, if it exceeds items 1 to 3, from His Majesty's Government. Therefore the whole aim is to limit India's financial liability in connection with the war to such measures as are within her financial capacity. That is the statement of the Honourable the Finance Member. The members of the suicide club or moonstruck people and those under their influence may denounce Imperialism where there is none and also win the war by non-violence, but the external defence is a reality vital for the protection of India's millions from totalitarian forces.

There is one other point, Sir, which requires to be placed before the House and which I am glad the Honourable Finance Member has already spoken to elsewhere. In the absence of the right of voting on the Defence Budget, I agree it is very desirable that the Government may appoint a special Accounts Committee on the lines of the Estimates Committee for purposes of controlling expenditure during war time and to ensure that the funds allotted for defence expenditure are properly spent and the division of expenditure between India and the United Kingdom is equitably made.

THE HONOURABLE MR. HOSSAIN IMAM: Committee of the Lower House or of both Houses?

THE HONOURABLE MR. P. N. SAPRU: I hope of the Lower House.

THE HONOURABLE SIR A. P. PATRO: Various counsels prevail and therefore it is difficult to answer any question. The Committee should be left to the discretion of the Government—either it may be on the lines of the old Standing Finance Committee or it may be an *ad hoc* Committee. But the difficulty of an *ad hoc* Committee is that some of the financial problems cannot be disclosed until a very late stage. Hence a Committee of the Legislature would be more useful and perhaps would be preferable to an *ad hoc* Committee.

THE HONOURABLE MR. HOSSAIN IMAM: Of the two Houses?

THE HONOURABLE SIR A. P. PATRO: Yes. I submit therefore it will be more useful and effective in the matter of watching the expenditure and controlling as far as possible the expenditure especially during this war and later on the adjustment of the differences between England and India. But the Honourable the Finance Member has stated yesterday elsewhere that he was going to take the question into consideration and consult the Members of the Legislature. I hope he would not confine it only to the Members of the Assembly but also include representatives from this House.

Once more I congratulate the Finance Department and its Secretary, but at the same time I wish that some of the points raised by me in connection with war expenditure and in connection with defence expenditure are looked into, so that agriculture and industry in the present economic stage of the country should not be wholly burdened but the problem of the loan policy should be seriously considered.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay: Non-Muhammadan): Sir, let me, in the first place, congratulate the Finance Member on the ability with which he has attempted to carry out his rather unenviable task. None can withhold sympathy for the Honourable the Finance Member in the unexpected circumstances he finds himself at the threshold of his new career. But he has displayed rare courage and determination in discharging his onerous duties. While I admire his financial

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acumen, I am afraid I cannot fully share his views and methods. He is entitled to our co-operation and assistance ; but we are entitled to an effective voice in the shaping of the budget proposals. He is not only a creature of circumstances but a part of the system within which he functions. My comments therefore apply more to the system, and it is my considered view that even within the system it should have been possible for him to take a more popular view of the problems before him.

The Budget is no doubt dominated by the war. While I agree with the contention that even neutral countries find their budgetary position disturbed because of the war and therefore some adverse effects were inevitable on India's finances, I cannot agree as to the extent to which India is being asked to bear the burden. To some extent, the Finance Member appears to have ignored both geography and politics. The war is not being fought on the geographical frontiers of India, nor yet even on the military frontiers as recently defined. The safety of India cannot be said to be in actual peril in spite of the black-outs and other A. R. P. measures undertaken in Bombay and other port towns.

Apart from the geographical factor, was it right of the Finance Member to have ignored the serious political results that will inevitably arise from the budget proposals involving crores of additional taxation ? The declaration of India as a belligerent country without consulting the people has already led to a sharp protest from the best organised political party, and the sincerest efforts of His Excellency the Viceroy to rope that party in the common task of fighting the enemy have not met with any degree of success. This therefore was the time for the Honourable the Finance Member of the Government of India to be most circumspect and to avoid giving any handle for a country-wide agitation. I still hope that the situation is not irretrievably lost, and am confident that if the Honourable the Finance Member could modify his proposals of taxation and if His Excellency the Viceroy on his part would make another bold effort to bridge the gulf, India might be saved of a war within war and our common enemy would be crushed.

Sir, before I refer to the details of the budget proposals, I shall deal with the new theory of joint responsibility regarding the external defence of India. This theory, if it is to fructify and be enduring, must be based on mutual confidence and trust. The Finance Member has alluded to the contribution made by His Majesty's Government on the lines of the Chatfield Committee's recommendations. But I ask, Sir, where was mutual trust and confidence in composing the personnel of that Committee ? There was not a single Indian who could be trusted to know the policy underlying those recommendations. Further, the Report of the Committee is a document shrouded in secrecy, if not mystery. In the circumstances, I hope my comments will not be considered unjust. So far as I can see the theory of joint responsibility of the external defence of India as arising from the Chatfield Report has been laid bare, for the first time by the Finance Member. But, may I ask whether it has not been the fact that India has shared this joint responsibility of defending the Empire in the past ? And is it not true that what India is now called upon to do is more for the sake of defending the Empire than for the sake of defending her own frontiers ? If this is true, the contribution made by His Majesty's Government for the modernising of the Indian Army should not be treated as a contribution to the defence of India but to the defence of the Empire. Viewed in its correct perspective, this new departure in Imperial policy, though it may be regarded as welcome on its own merits, cannot

be taken as an act of special grace done by the ruling country to us. On the other hand, this arrangement makes patent the hitherto concealed fact that the Indian Army has always been a part of the Imperial Army required to serve at any time for Imperial defence. In other words, if the defence expenditure of this country were strictly limited to her own defence, it would be on a far different scale.

Sir, with this background let us consider the figures presented by the Honourable the Finance Member. The additional expenditure on account of the war during the current financial year and the coming year is Rs. 12 crores. We budgeted for Rs. 45.18 crores as our defence expenditure for 1939-40, and if we take that as the basis, we find that there is a net addition of Rs. 376 lakhs in 1939-40, and of Rs. 824 lakhs in 1940-41, or in other words, an addition of Rs. 12 crores. This does not take account of the increase noticed in Civil estimates due to the war. Moreover, there is the ominous warning that there are many uncertain factors which cannot be calculated beforehand, and, therefore, we may find that the expenditure has gone beyond the estimates at the end of the year.

I have so far discussed the desirability of the additional expenditure and estimated the extent of the expenditure in which we are involved. I now propose to refer to the various measures by which the Finance Member proposes to find these resources. He has taken credit for more than Rs. 5 crores of improvement in revenue during 1939-40 a part of which has been credited to 1940-41. The remaining Rs. 7 crores is proposed to be realised by additional taxation. The additional taxation takes the form of surcharges on railway rates, increased duty on petrol, an addition to the excise duty on sugar with a corresponding increase in the import duty on sugar, and the excess profits duty. The increase in railway rates and in the duty on petrol will affect the large masses of the people and make their communications dear. I am not speaking on behalf of those who use motor cars and who will be called upon to pay more ; but on behalf of those large numbers of people in rural areas who are now making increasing use of bus services, which are so valuable in linking up the rural areas with the railways. This work needs to be encouraged by all possible means and any step which is calculated to discourage the movement of men and goods in rural areas is contrary to the general interests of the country. But so far as one can see from the speech of the Honourable the Finance Member, the justification for the increased duty on petrol is in the interests of railways, lest the motor traffic adversely affect the railways, their fares having been increased. In my opinion, other steps could have been taken to put railway finance on a sounder footing instead of creating a situation by which both railway rates and fares will be definitely increased.

In connection with the increased duty on sugar, the Finance Member asks us to believe that this will fall on the comparatively well-to-do classes of society, because in his opinion, white sugar is not consumed by the masses. One may sympathise with the difficulty of the Finance Member in appreciating the elementary facts of life as lived in the remote areas of this vast country, but one must protest against its consequence, *viz.*, the burden of taxation which will affect large numbers of people in the country. The sugar industry has been one of recent growth and it still requires careful nursing before it can withstand foreign competition effectively for all time. It is an irony of fate that an industry of such importance which has received protection should, at the same time, be subject to excise duty on production. When the excise duty on sugar was first imposed some years ago, it was vehemently opposed by all classes of people. And if the sugar industry has in more recent

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years not shown that marked advance which it was expected to do, it was in some degree, attributable to the excise duty. And now that duty is being increased further with the result, we can easily foresee, of a reduction in its consumption, lower rates of sugarcane to agriculturists and its further corollary corresponding adverse effect on the industry itself. I cannot envy those in charge of sugar factories in the country who will be called upon to pay this duty in addition to the excess profits duty to which they will be subject at the same time. The Finance Member is hardly justified in taking a step of this nature in the case of a protected industry without proper inquiry. If this duty cannot be dispensed with then the industry is entitled to ask from the Finance Member a categorical assurance at this stage that, in case there is dumping of foreign sugar, necessary steps will be taken by executive action to protect the Indian sugar industry.

Regarding the excess profits duty you, Sir, are aware of the general wave of indignation among the business community in the country. I shall not go into the details of this controversial measure at this stage, because there will be provided an opportunity to discuss the Excess Profits Duty Bill. It is not so much to the principle of this duty as to the method of its imposition that the greatest objection lies, because, in his zeal to tax the excess profits the Finance Member has overlooked several relevant factors and there is also a deliberate under estimation of revenue under this head.

The only feature in the Budget for which the Finance Member deserves our warmest appreciation is his reference to the steps taken or contemplated for the repatriation of sterling debt. This step has been suggested by various parties on different occasions. From all points of view the conversion of the sterling debt into rupee debt will mean the lessening of the economic burdens on the country in the future and all reasonable opportunities should be availed of to convert the sterling debt into rupee debt as speedily as possible. I do hope that the Finance Member will receive encouragement from all quarters for this belated effort in the right direction, and I also hope that no obstacles will be laid in the way of his carrying out this measure to its logical conclusion by those who control our financial destiny from Whitehall.

Before I conclude, I must revert to the plea of mutual trust and confidence which is necessary in order to create better understanding between India and Britain. I feel, I must request the Finance Member and his colleagues to reorientate their policy. Sir, in this House, the non-official side has asked for information, but has been practically denied by the Government on the ground of public interests. If the whole House cannot be taken into confidence, is it too much to ask for the appointment of a small committee which could be trusted to share the secrets of the Government on defence matters by being enabled to scrutinise at least the defence expenditure? Sir, I hope I am not appealing in vain for I know that when His Excellency the Viceroy comes to hear of our joint request, he will be the first person to respond to it.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I have no desire to pass the Budget of the Finance Member under a critical survey. We enjoy sheltered security as a result of the sacrifices in men and money which England is making without stint. All our calculations of expenditure depend on the turn that the war takes during the next few months. I hope God in his goodness will restore peace.

There are however certain statements in the Budget which need elucidation. I find little satisfaction in the categorical statement that India has suddenly become prosperous. The Honourable the Finance Member has spent long years in India, and knows, that so far as agricultural prosperity is concerned, it is determined by yields and prices of crops. Since the war began there has been no phenomenal increase in either. It seems there is no ground for assuming that a wave of prosperity is sweeping over India.

The Finance Member has also dwelt with some satisfaction on the accumulation of sterling reserves in England, and on the sales of gold and silver by the Reserve Bank. This policy again needs a definition. How are these transactions inherently in the interests of India? The debasing of the small coin and the rupee is a departure from traditional policy and has yet to justify itself in the eyes of the people.

I am not prepared to demur at the defence expenditure. I would feel extremely obliged if the Honourable the Finance Member would explain how the departure from the Chatfield recommendations which provided for a grant of Rs. 43.79 crores from His Majesty's Exchequer and a maintenance grant of £500,000, as compared with the new arrangement described at page 8 of his speech, is more advantageous to India? I am sure he will agree with me that if all the money England is pouring out into other countries, came to India to mobilise our material resources and our manpower, India and England could be in a position which no other country of the world would lightly challenge. In this connection I have heard with some satisfaction that the Indian Territorial and Auxiliary Forces have been mobilised and troops that have gone abroad have to be replaced by fresh formations. Could he or the Army Member enlighten me as to what is to be the share of India in the officer ranks in the units of Regular Army, Territorial and Auxiliary Forces? Could he give some assurance that steps will be taken to equip India to produce all the modern weapons for war, such as aeroplanes, anti-aircraft guns and other such materials. It is possible that a large body of trained officers may be required for officering the new units of the Regular and other services. Is there any reason why all the Auxiliary Services should not be entirely officered by Indians? In a time like the one we are passing through now, Indianization of the Army should be accelerated.

Coming to the new tax proposals, I do not wish to say much on the excess profits tax, except this, that it aims at drying up the source which, if developed, could provide an ever increasing revenue. The Finance Member seems to have fastened his eyes more on the convenience of collection than on the equitable distribution of the burden. He had selected sugar which is already subject to a heavy excise duty. An increase of 50 per cent. on a single item does not seem justifiable. He knows that distribution of indirect taxes on the widest possible field is the only just way of raising revenue. Why could not he place an export duty on gold and an additional duty on luxury goods imported into India, increase tax on salt, kerosene, tobacco, cigarettes and foreign liquor, etc.? I pray that peace may come and in its coming India may attain Dominion status, and start on the road of co-operation and prosperity.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA (Bihar : Non-Muhammadan) : Mr. President, in presenting his Budget to the other House the Honourable the Finance Member began his

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speech by saying that he was conscious of the fact that he would not be regarded as a prophet in this country because he had adopted it as his own. That is quite true. We have known his work and worth for quite a long time. We have, if I may be permitted to say so, also known the unusual qualities of the prophets who have disappeared after adorning this House for brief periods and telling us what was good for this country. We do not regret their exit because we heard the one and the same sermon from every one in that place, whether he was a prophet or not, and that was "Nothing is certain but death and taxes". Indeed, we do not need a prophet to tell us this. Perhaps it is taken in a better spirit from a fellow you know than the one in which you have to accept it from an unknown saint who is expected to do miracles. Further, when we see to the results afterwards, we find that very often prophecies are false.

It is rather unfortunate that the first budget which my old and distinguished friend has presented before us was prepared at a time of great stress and uncertainty. He could not help it. We appreciate his difficulties and assure him at once that we do not grudge the sacrifice demanded from us for the victory of the cause that has been taken up by Great Britain and her Ally.

I must congratulate him on coming to an early settlement with His Majesty's Government on matters relating to the division of defence expenditure. It will obviate future complications and India will know clearly where she stands. It is, however, not clear from the statement of the Honourable the Finance Member whether item (4) of the settlement, *viz.*, lump sum payment of one crore of rupees towards the extra cost of maintaining India's external defence troops overseas will be made only during the current financial year or such lump sum payments for the same purpose shall, in accordance with the settlement, have to be paid in future years as well. I hope that he will throw further light on this subject.

This is not the time when I should take into consideration the normal peace budget of defence expenditure. We have to take things as they were at the outbreak of war. Our immediate objective is to win it and help in the establishment of world peace. On the whole, the extent to which the war has affected India's defence budget does not seem to be abnormal when we compare it with other countries of the world. The additional burden of Rs. 376 lakhs in the current year and of Rs. 839 lakhs in the coming year should not evoke much adverse comment when it is recognised that these represent the price of our safety. But, Sir, I cannot help referring to the statement that was laid on the table of this House the other day regarding the officers' emoluments in the Supply Department. I find that in most cases the officers who were transferred to that department from other posts are given much larger emoluments. There seems to be no justification for it. If the general taxpayers are asked to make sacrifices for war purposes there is no reason why persons in the service of the Government should not be asked to serve on the pay they were getting before. After all, the burden of war must fall evenly on every section of His Majesty's subjects and every one should contribute towards success in whatever manner he can. I would urge upon the Government to exercise the strictest possible economy in incurring expenses of defence. I wholeheartedly commend to the Government the suggestion made by the Committee of the Federation of Indian Chambers of Commerce and Industry that for the duration of war the entire defence expenditure should be made subject to the close scrutiny of the special Account Committee of Members of the Central Legislature. I think that some such

machinery is necessary to reassure taxpayers that they are asked to contribute the barest minimum required for the prosecution of war. This is a time when no section of the people should be allowed to profiteer and enrich itself with what we may call "blood money".

The entire Budget presented to us this year is, in fact, a war budget. Even in the civil estimates for the coming year we find that by reason of war special expenditure to the extent of Rs. 37 lakhs shall have to be incurred as compared with Rs. 16 lakhs this year. Further, the provision of additional Rs. 25 lakhs for the expansion of civil aviation has been made chiefly because it is closely bound up with the problem of defence. The grant to All-India Radio is again a war item. If we exclude these as well as the increases of an automatic nature we will find that the Honourable Finance Member has in 1940-41 studiously excluded all avoidable new proposals unconnected with war. Still we find that at the end of the year 1940-41 the Government will be faced with a deficit of Rs. 716 lakhs. The revenue has been estimated to be Rs. 85.43 lakhs and the expenditure Rs. 92.59 lakhs, which includes Rs. 53.52 lakhs of defence expenditure.

As I have already indicated I do not propose to touch the estimates for expenditure. But, my apprehension is that the revenue has been underestimated. My suspicion is deepened when I look at the figures of the financial years 1938-39 and 1939-40. In the former an expected deficit of Rs. 265 lakhs was reduced to only Rs. 64 lakhs mainly on account of an improvement in revenue. Similarly, in the latter year while the budget estimates provided for a nominal surplus of Rs. 3 lakhs it is now estimated that in spite of the extra war expenditures the increased revenue will enable the year to end with a balance of Rs. 91 lakhs. Customs and central excise duty seem to have sprung a pleasant surprise on the Government of India during the two preceding years. In the year 1938-39 the last month brought to its coffers Rs. 37 lakhs from customs and Rs. 41 lakhs from excise duty. In the year 1939-40 the revenue from these heads increased to the extent of Rs. 114 lakhs and silver brought a windfall of Rs. 122 lakhs. In the coming year, however, the Finance Member does not anticipate any such luck. I wonder why? I think that increase in the railway freight and the excess duty on sugar will put indigenous sugar at a great competitive disadvantage with respect to imported sugar. Similarly, I feel that since an embargo on non-sterling countries continues and will probably continue during the period of war, increased income from silver duty cannot be taken to be beyond the range of possibility. I agree with the Honourable Finance Member that the forecasting of the customs revenue is a matter of great difficulty at all times and specially during war time, and when I say that his estimates are very conservative I am inclined to think that notwithstanding the intimate knowledge he possesses of these things he has erred on the side of pessimism.

Then again, let us examine his estimate of revenue from income-tax. In the year 1938-39, the income under this head was Rs. 124 lakhs more than the revised estimate. Of this, Rs. 56 lakhs were due to less refunds than the estimated and Rs. 68 lakhs represented increased collection of tax. In the current year the revised estimate is Rs. 155 lakhs higher than the budget estimate. Although the Honourable the Finance Member has added Rs. 141 lakhs to the revised estimate for the current year in estimating his income from this head in the year 1940-41, I feel that here again his estimate of increase is very conservative. Sir, I know it to my cost what the Income-tax Department is. I have before me the figures from 1337Fs. (corresponding to 1931-32) to 1344Fs. (corresponding to 1938-39). During these years I got refunds of nearly Rs. 19½ lakhs from the department after spending Rs. 2½

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lakhs in litigation. This clearly indicates that either the Income-tax officers who make the assessments are grossly incompetent or it is the policy of this greedy department to throw fairness and justice to the winds and take as much money as possible by hook or by crook relying on the fact that most of the assesseees will not be able to fight them to the last and so succumb to their tyranny. Sir, this is a hard remark, but when I recollect the misdeeds of the officers of the department I am astonished at my own moderation. I would invite the Honourable the Finance Member to read the judgment of Mr. Justice Manohar Lal of the Patna High Court in Miscellaneous Judicial Case No. 41 of 1936, "Raja Bahadur Visheshwar Singh vs. Commissioner of Income-tax, Bihar and Orissa." In that case His Lordship has expressed his disapproval of the Commissioner's action and observed that it appeared to him that the assessee had been considerably harassed by the manner in which the proceedings for a reference to that Court were conducted by the Commissioner. As it is a lengthy document I do not propose to read it. There are other cases as well in which the Honourable Judges of the Patna High Court have condemned the action of the Commissioner of Income-tax for Bihar at different times. Sir, in contentious matters while the taxes have to be paid immediately it takes years to get the refund, and the cost of litigation from one court to another is simply prohibitive. The assesseees have the money illegally taken from them as tax and locked up in that department for several years without any relief. (*An Honourable Member* : "And with no interest.") And with no interest. On the contrary, they are subjected to innumerable hardships and harassment in getting back what the law allows them. The agents of this Department in the provinces put the matter off under one pretext or the other, misinterpret the law, reopen questions already settled and search for every conceivable loopholes to deprive the poor taxpayers of their just claim. I hope that the higher authorities of this department will acquaint themselves with the doings of their agents in the provinces and take steps to mend their ways. I have digressed and said all this to indicate, Sir, that so long as the attitude of the officers of the Income-tax Department remains as I have described to you, the Honourable the Finance Member need have no fear about any deterioration of income from this item.

Similarly, I am led to think that the Posts and Telegraphs Department will show better results in bringing revenue to the Government than anticipated. As a layman, I think that the reason given for the fall in revenue will not bring the anticipated drop. The first rush of war traffic so far as the Posts and Telegraphs Department is concerned may have passed but the war continues, and the Department expands its sphere. Even in the pre-war period of the current year the revenue was steadily on the up grade. The ups and downs are bound to occur in a war situation and all these, I think, will bring more than normal peace time business to the department.

Thus, I believe that by the end of the coming year we shall have more money available than what has been estimated by the Government and it will be found that the present Budget can be balanced with less additional taxes. It is, of course, quite a different thing if fresh demands are made by changes in the war situation. But with that we are not concerned at present.

The way in which the Honourable the Finance Member proposes to make up the deficit has evoked a good deal of criticism. Before disclosing his financial plans he introduced the Excess Profits Tax Bill in the Assembly. Now, he has embodied further taxation proposals in the Finance Bill for the year 1940-41.

Sir, we have yet to see how the Excess Profits Tax Bill emerges out of the other House. I do not therefore propose to discuss it in detail at the present stage. But it must be remembered that the business community in this country is almost unanimous in holding the view that the Government has very much under-estimated the yield from this tax. It is also of opinion that in actual operation the law will go very much beyond its present scope, namely, the taxation of excess profits accruing as a result of war, and stifle the growth of industry which is after all in a nascent state in this country.

This, taken with the other two taxation proposals, go to indicate that the Government seek to recover almost the entire amount of deficit from industry. It has its dangers inasmuch as it will go a great way in preventing India from strengthening her national economy which she as a raw material producing country can reasonably expect in the boom period of war. She must have something to put away for the lean days to come if she is to ensure the safety of the foundation of her economic structure at the end of war. These measures, Sir, apart from touching the industrialist will, I am afraid, adversely affect also the agriculturist.

Take, for instance, the sugar industry of which I have personal experience. Although it has been protected by the tariff wall the taxes, both central and provincial, the fixation of the minimum price of cane to a high level, over-production, internal competition and occasional labour troubles have taken away from the industry the benefits of protection even now when the excise duty stands at Rs. 2 per cwt. In one of the sugar mills owned by me I once made a profit but the payment of excise duty converted the profit to a loss and in spite of our best efforts the present position is that ten rupee shares stand at six rupees. A calculation was made towards the end of the last month on the state of things prevailing at that time and it was found that profit to manufacturers in Bihar and the United Provinces, together producing about 9 lakhs tons of sugar which forms about 80 per cent. of the total output, was barely 2 per cent. which worked out at 4 to 6 annas per maund. Out of this they have to pay income and super-taxes. Now a new situation has arisen by reason of the enhancement of excise duty and increase in the railway freight. I do not know what the intentions of the Government are with respect to the sugar industry. I wonder if the manufacturers with whom the lot of cane growers is so closely wrapped up will be able to bear the burden. Is not this new proposal going to be the last straw on the back of the Indian sugar industry camel? Things are bad enough as they are. I think the House will be interested to know what a Development Minister of Bihar thought of it at the time when the excise duty was raised to Rs. 2 per cwt. While piloting the Sugar Factories Control Bill in the Bihar Assembly Dr. Syed Mahmood observed on the 2nd December, 1937 :—

"It is our duty to protest against the inopportune enhancement of the excise duty which has had an admittedly adverse effect on our industry".

He warned the India Government against competition from Java and totally disapproved the ratification of the International Sugar Agreement. I think that the result of the latest actions of the Government will be that either the manufacturers shall have to close their factories or the cane growers shall have to accept a very low price for their cane. Considering that cane is one of the principal money crops in our part of the country it will be a catastrophe of the first magnitude if either of these two things happen. Then, if the war continues, there is the grave apprehension of Java dumping sugar in India on account of freight difficulties to markets in the west and the

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closing of the China market. Over-production on the other hand has made the internal position of the industry very precarious. In these circumstances, one should have expected the Government to come to the help of the industry. Instead of that, it has made its existence still more difficult.

About the proposed duty on petrol, I beg to submit that the entire burden of the tax will fall on the travelling public. Remembering that in these days motor cars are not used only by the few rich people but also by a greatly larger number of poor people, who find bus travel very economical and convenient, it will not be wrong to suppose that the latter will be subjected to great financial strain. In my own province where the average income of people is not large they will have to pay for not only the increased railway freight from the port to the retail shop and the enhanced central duty but also the newly imposed provincial tax at the rate of Re. 0-1-6 per gallon. It may be that the burden of this taxation will be so heavy that the motor transport will greatly diminish and ultimately affect the revenues of the Government. Let me, however, hope that the Honourable the Finance Member has considered all these probable factors before deciding to tax the commodity.

There is, Sir, one other subject to which I wish to refer before I resume my seat. I consider that amendment approved by the Parliament to the Order in Council giving effect to Neimeyer award in connection with allocation of the income-tax revenues between the provinces and the centre is an encroachment on the meagre financial resources of the provinces. According to this amendment the centre will retain its 50 per cent. share of the income-tax proceeds *plus* Rs. 4½ crores from the provincial 50 per cent. share of the same. Besides this, no benefit will accrue to the provinces from the railway revenues, the contribution from which to the general exchequer has been till now pooled with 50 per cent. of income-tax receipt. It is, indeed, unfair to the provinces that now when railway revenue is expected to look up they shall be deprived of any share of it. It is a poor consolation, indeed, that they will receive a part of the proceeds of the Excess Profits Tax, because from the very nature of it the tax cannot remain as a permanent feature of the Indian tax system. As it is, the finances of the Provincial Governments are quite inadequate to meet their needs. In my own province revenue is so inelastic that the Ministers were desperately in search of money to finance their various development schemes. All the time they were planning big things and shelving them on financial grounds. Every pie this Government gives to the provinces goes towards improving the moral and material condition of the people from whom it derives its taxes. I was very much amused to read the reply which Lord Zetland gave to Lord Snell when he asked about the Indian reaction to the amendment. It seems that the Provincial Governments were not consulted in this matter. Their opinion, as Lord Zetland declared, was taken on a circular a little less favourable to them than the scheme now adopted. He took it for granted that they will unanimously oppose it and he was astonished when he found that opinions were divided. But what is more astonishing to us is that while some of the autocratic Governments in the hands of the Governors objected to the proposal some of the popular representative Governments that have not resigned accepted the proposal. No wonder then that His Lordship did not consider it worth while to consult the Provincial Governments with regard to this system of financial distribution which, as he asserts, is more favourable to the provinces than one embodied in the circular to which he referred. I am afraid I cannot subscribe to his view that this new plan cannot be inherently unfair to the Provincial Governments. I can justify it only on the ground that it is a temporary war measure.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, before I deal with the Budget, I must say that in the Honourable Sir Jeremy Raisman we have a Finance Member shave in his manner and disarming in his methods and yet we have to fight his budget proposals because they embody a policy of all taxation without taking into confidence even the foremost Indian leaders in the absence of the Standing Finance Committee.

In spite of the Budget's apparent lucidity and the disarming manner of its presentation, the Indian public finds it hard to understand how it is necessary, the circumstances being what they are, to undergo dire sacrifices in the very first year of the war. To put it in a nutshell, the total burden that is sought to be placed on the taxpayer comes at least to Rs. 11·55 crores. The increase in railway fares is going to transfer, according to the Railway Member himself, from the pockets of the people, mainly the poor people, to the coffers of the Government about Rs. 5·25 crores. The Excess Profits are expected to yield about Rs. 3 crores, while the increase in sugar excise and motor spirits is expected to yield Rs. 1·90 crores and Rs. 1·40 crores respectively.

It is, Sir, rather unfortunate that the Finance Member has attempted to justify the fresh taxation proposals on the assumption that the industry and trade in this country were experiencing a period of modestly improving rate of economic progress, succeeded by what he calls the tide of war prosperity. This description of the economic situation of the country before the outbreak of the war is hardly justified from the experience of either the cultivator or the industrialist during the current year. The description of the economic conditions prior to the outbreak of the war given by the Honourable the Finance Member is in sharp contrast to the description given by the Governor of the Reserve Bank of India in the Report of the Central Board of Directors for the year ending 31st December, 1939, in the following words:—

"In India, as in Great Britain, the growing tension in the international situation militated against any sustained recovery in the first eight months of the year and the nervousness which it engendered dominated the financial markets generally and almost nullified the effect of other favourable factors such as a slight improvement in the foreign trade position and a rise in the prices of certain commodities such as jute and sugar. To this was added the depression in the prices of wheat and cotton and the difficulties of the cotton textile industry, which has been experiencing one of its worst slumps owing, among other reasons, to overproduction and the increased cost of labour."

It surely cannot be news to the Finance Member that the demand for important products such as sugar and cotton piecegoods has slackened, at times even after the beginning of the war, to such an extent that there is no comparison to the present sluggishness in demand for these products within the last 15 or 20 years. I, therefore, submit that the diagnosis of the situation, as given by the Finance Member, is far from accurate and I cannot but object to the imposition of the additional burdens which are bound to give a sharp setback to agriculture and industry in the country. The widely anticipated boom may not ultimately materialise, and the opportunities of making large profits which the war offered to the industrialists and the businessmen in 1914—1918 cannot repeat themselves during the present war. It will be unrealistic, therefore, to impose additional measures of taxation on a hypothetical situation of wartime prosperity, which does not obtain at present nor is there any definite certainty of its materialising in India.

I fully endorse what my Honourable friend Mr. Shantidas Askuran has said as regards the action taken on the Chatfield Committee's Report. I am not going to dwell on this very long because all the Honourable Members know that the Chatfield Committee had no Indian among its personnel. The Report of that Committee was never published and even the foremost Indian leaders were not taken into confidence. The arrangement arrived at between

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the subordinate Government, I mean the Government of India and the British Government had not the approval of the country, the Defence trans-borders where India is required to meet the enemy has been placed as distant as Port Said on the one side and Singapore on the other. And for this the Government of Great Britain gave a grant of one crore a year. That is not enough, Sir. After all, India is the greatest asset of the British Empire and supports millions of Britishers. Therefore, Sir, as far as I can humbly think, there is no justification for this arrangement. We ought to meet the enemy on the border limits which were ruling in the past. I know, Sir, that India is being burdened with an object which is imperialistic. Therefore, Sir, I would endorse what the Indian Retrenchment Committee said on this point. Sir, I must say that, as the practice hitherto has been of presenting the details of military accounts to the Central Legislative Assembly but now the estimates are presented in a lump sum and the Assembly is not being given a chance to discuss the details of the military expenditure. This, also, Sir, is greatly resented by the people and, as my Honourable friend Sir A. P. Patro has observed, at the present stage Government would be well advised to appoint an Indian Committee or Member of the Executive Council to see to policy and the details of the defence expenditure. Sir, this Government is following the example of Germany in this matter. In Germany it is the military who are the ultimate deciders of the destinies of the nation. Here hitherto the British people have been putting civilians in charge of the policy of the conducting of armies in its various international aspects. Therefore, Sir, it is proper that an Indian Member ought to be appointed to the Viceroy's Cabinet who should look after the defence policy and defence expenditure. Sir, to increase the trans-border from Suez on one side and to Singapore on the other is to saddle us with expenditure which is not justified. I find, Sir, in the Honourable the Finance Member's speech something which is very interesting. What does he say as regards the allocation of war expenditure between India and the British exchequer? He says:—

"In view of all these complicating factors it was felt that it would be quite impracticable to arrive at an accurate assessment of the defence expenditure chargeable to Indian revenues by a meticulous application of the principles laid down for the allocation of such expenditure between India and His Majesty's Government under peace conditions. Not only would such a course involve an immense amount of clerical work and consequent expenditure but it would revive all the difficulties experienced in connection with the accounts of the last war in an aggravated form. The matter has formed the subject of prolonged discussion with His Majesty's Government who shared our desire to simplify the arrangements and eliminate controversial elements to the utmost extent possible. An agreement on the subject has now been reached under which the whole of the defence expenditure incurred by India will be apportioned between the two Governments on the following basis. India is to bear—

- (1) a fixed annual sum representing the normal net effective costs of the Army in India under peace conditions, *plus*
- (2) an addition to allow for rises in prices, *plus*
- (3) the cost of such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests, and
- (4) a lump sum payment of one crore of rupees towards the extra cost of maintaining India's External Defence Troops overseas".

Sir, this is a matter which, along with India being dragged into the war without consultation with even its foremost leaders, has created a sort of discontent and I strongly advise the Government to appease the feelings of the people by a timely gesture.

I now come to the under-estimation of figures as far as revenue is concerned. I need not repeat these figures, because other Honourable Members who have preceded me have given the figures. I simply say that we find from the actuals of the years 1934-35, 1935-36, 1936-37, 1937-38, 1938-39 and 1939-40 that they have under-estimated their revenue except in 1936-37 and 1938-39. Even in normal times, the Honourable the Finance Member always erred on the side of under-estimation of his revenues two out of every three times. In 1919, when the excess profits tax was imposed Government anticipated a small revenue, but we find in practice that the receipts were over Rs. 11 crores. To estimate a receipt of Rs. 3 crores is, I submit, not correct.

Then I come to the increase on the duty on petrol. When we found on the day when the Railway Budget was presented to this House that the rates and freights were to be increased, we all anticipated that there will be a corresponding rise in the price of petrol also. That of course was a very easy matter to anticipate. But what do we find? While the rise in passenger and goods charges is 6.25 and 12.50 per cent. respectively, the increase in the duty on motor spirit amounts to 20 per cent. Why? My friends, the Honourable Maharajadhiraja of Darbhanga and the Honourable Mr. Shantidas Askuran have already explained that to disturb the motor bus traffic is not right, particularly in the days of war. One of the great blessings of the British Raj is communications and no step should be taken which would inconvenience or discourage the movement of people particularly in rural areas where no railway facilities exist.

Then I come to the question of the excess profits tax. I do not want to dwell on that subject here, because, when the time comes, and when the relative Bill comes before us, we shall deal with it at that time. I must say, however, that I cannot understand why war expenditure in India is not fully or even partly met by war loans. The Honourable Sir A. P. Patro observed in his speech what appeared in the press that the British Government are floating a sterling loan of £300 millions. When a rich country like England takes that step, why should not India follow that course? The present economic condition of the Indians is at a very low ebb, and India cannot conveniently bear the burden which the Government now wants to impose on her. I want peace in the country and there should be only so much taxation as is absolutely necessary for carrying on the Government in war time. Of course, there is a certain section of the public in India who say that the very object for which this war is being fought is not being extended to India. That is a controversy into which I need not enter now. But I must say that this Budget deficit of Rs. 8 crores indicated in the new budget ought to be met by loans and not by increased taxation as was done in the last war. The people are just recovering from the greatest economic depression they have had during the last 10 years and when they are just beginning to stand on their legs, Government is giving them another big shock. In the contentment of the people lies the safety of the country and safety of the Empire and there ought to be a limit to which taxation should go. I will earnestly request the Honourable the Finance Member to consider whether he is still in a position to revise his taxation proposals.

As regards the increase of duty on sugar, that question has been dealt with by the Honourable Maharajadhiraja of Darbhanga and I need not say much on it. But one thing I must say, and that is, that the industry is going to heavily suffer by the additional duty that is being put on it. As the time at my disposal is short, I will leave the details as to what the manufacturing costs are, and the selling prices are and what margin is left to the manufacturer, to be dealt with by another Honourable colleague of mine. I must say,

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however, that as the President of the Sugar Syndicate has observed, there will certainly be less consumption of sugar and that will add to the difficulties of the cultivator and of the manufacturer and will bring less revenue to the Government, and the anticipation of the Government to take such a heavy duty from sugar will very much retard the sugar industry.

Then, Sir, I come to the extra taxation. Why should all extra taxation be confined to industry? Why should not there be retrenchment again in the salaries and allowances of Services and a new Retrenchment Committee appointed? During the last war a Retrenchment Committee was appointed to effect economy in the service. What is the reason, we ask the Honourable the Finance Member, why a committee has not now been appointed?

THE HONOURABLE SIR JEREMY RAISMAN: The Honourable Member would like me to do double the work with half the staff?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: With due deference to the Honourable Finance Member who was not here when I observed that in the adjustment of accounts between Great Britain and India as regards defence expenditure, he said it would require a lot of clerical work. But if you employ more clerks it amounts to little compared with the employment of retired officers in the army beyond the actual need. I know that in Sialkot Cantonment there were three Lieutenant-Colonels of the I. M. S. doing practically nothing. There were some officers who were sent for who were away from home, some even in America, and were asked to join in India and all their expenses were paid from those countries to which they had gone on pleasure trips. If Government does really want to reduce expenditure why not do it in a straightforward manner? What is the policy of Government so far as Indianization of services is concerned. My friend Sardar Buta Singh observed that the Indianization of the Army ought to be accelerated in this war. Well, the fact is that the Indianization Committee is now at a standstill. When the war is over they will presumably finish their deliberations if the Government so wishes. But we do find that savings are being made at the expense of poor clerks and chaprassis, while officers are being increased in numbers and on high salaries. I would like the Honourable Finance Member to say what the extra expenditure on clerical service will be for working out the allocation of war expenditure between England and India. Surely a few more clerks cannot materially affect the budget of the Indian Government? Where there is a will there is a way. I know that in the last war the policy was clearly stated as to what expenditure was to be borne by the Indian Government. But now, Sir, by the recent defence agreement, the interests of India have not been safeguarded. We have been burdened with expenditure the justification for which has not been proved. Then, Sir, at this time why not do away with the Lee concessions? This is not the time to continue them. When you are asking everybody else to make sacrifices for the war and when we have to face taxation for that war, why should not the Services also contribute to it? They contributed in the last war. Why should they not do it now? I mean that in the superior services there should be a cut in salaries and allowances. In view of the way in which the general public is meeting the extra taxation, the officers ought also to share it. Why should not the excess profits tax apply to those retired high officers in the military department who have been asked to rejoin the defence services because of the war? Why should they not pay 50 per cent. of excess profit they are getting purely on account of the war? I would request the Honourable Finance Member to kindly explain why they should not be subject to the excess profits tax?

THE HONOURABLE SIR JEREMY RAISMAN: Because they are subject to the danger of death which the excess profiteers are not.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, every military officer is liable to death. My own conviction and that of every Hindu is that when death comes nobody can stop it. That is the reason why Hindus do not fear death. The hour of death is fixed and must come when it is so destined. Why say of army officers that they fear death. I hold that all those officers who join any defence service, are willing and prepared to sacrifice their lives if necessary for the King and the country.

THE HONOURABLE SIR JEREMY RAISMAN: Is the Honourable Member seriously suggesting that military officers who are recalled in order to take part in the war should have their pay cut in order that people who are making profits out of the war should not be taxed?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I am not talking about the officers of the army. I am talking of those retired officers who are recalled, and their extra income is purely due to the war.

THE HONOURABLE SIR JEREMY RAISMAN: They are no longer retired when recalled.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: But they are re-employed when they are recalled and all their salary is excess profit purely due to the war, and as the excess profits tax is imposed on the profits accrued from war there can be no possible reason to exempt them from excess profit taxation. If there was no war those officers would not have been re-employed and would not have got the excess profit they are getting purely due to the war.

Then, Sir, I come to the question of the possibility of a Russian invasion of India. I should like to know what arrangements the Government has made for the defence of India, particularly from air raids. So far as I hear there is a concentration of troops going on on the North-West Frontier. I must at the same time say that in case there is a Russian invasion the people of the country and particularly of the North-West Frontier Province and the Punjab will come forward to defend the Indian Empire, so I want that the people should be contented and they should be trusted. When the promise of Dominion status is being made everywhere, and when His Excellency the Viceroy and the British Government have publicly declared that their objective in India is Dominion status of the Westminster type, why should not Indians be trusted and taken into confidence. As things seem, they are not being trusted. Why should there be a big training of air pilots going on in Canada and Australia and not in India? There are numerous suitable Indians who offer themselves for such training. I know as a fact that over 800 trained pilots offered themselves for commissions, and only a few, some 30 or 40, were given commissions. I was interested in the only a few, some 30 or 40, were given commissions. Many of them came to me and pilots coming forward to join the air forces. Many of them came to me and said they had offered their lives knowing that the average life of an air pilot in war is said to be about 23 hours, but were refused. On the other hand law was enforced to the effect that if anybody who stops people from recruiting will be fined and sent to imprisonment for so many years. People do come forward and in big numbers, where then was the necessity for that Act? I do submit that the Act was not required because at present enough people are coming forward and there is no paucity so far. The Punjab supplies

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most of the recruits and there is a regular flow of people coming forward from the Punjab. Those Indians want to serve their country and the Empire. Why should they not be given training and why should they not be employed in bigger numbers. People say that as far as India is concerned, only a few Indian officers are to be taken *nam ke vaste*. I would, therefore, urge upon the Government that they should change this preferential policy of non-Indians and take India into confidence and give them mass training in the defence of the country. Thus you will be saving money; will not want so much extra taxation and over and above that you will have a contented India. There is lot of unemployment in India, particularly amongst the educated people and no material steps are being taken to solve that question.

Sir, I must offer my congratulations to Sir Gurunath Bewoor on his able and successful stewardship of the Postal Department. In his time, if I mistake not, over 3,000 new post offices have been opened in rural areas and notwithstanding that fact the Department is paying. The poor people ought to be helped by that Department and the two-pice postcard should at least be restored. It may mean Rs. 50 lakhs, but where you are spending many crores how does Rs. 50 lakhs compare with that huge sum?

THE HONOURABLE THE PRESIDENT: May I draw your attention to the fact that you have already spoken for 35 minutes.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I shall soon finish, Sir. I have only two points in case you allow me. Then, Sir, I welcome the measures which have been taken by the Provincial Governments to stop the various armed voluntary bodies practising just like the army and marching in the cities. It has been a wise step because they would have eventually proved a danger to the country, particularly when this new theme of Pakistan Empire seems being developed and which I consider to be not in the interests of India. On the whole the step taken to stop them has been a wise one. The Faqir of Ipi is proving a great nuisance to Government and in case you have a stronger man than the Faqir of Ipi these khaksars, similar associations, may join with him.

THE HONOURABLE MR. HOSSAIN IMAM: Has the Central Government taken any steps to do this?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I may inform my Honourable friend Mr. Hossain Imam that the Punjab Government has already stopped moving of armed khaksars and similar bodies in the province and I congratulate them on that. In Lahore at times a few hundred people armed with swords or lances, etc., march into the city crying all sorts of slogans and such marches were a source of great danger to peace and order.

THE HONOURABLE MR. HOSSAIN IMAM: How is this relevant to the Budget discussion, Sir?

THE HONOURABLE THE PRESIDENT: Order, order.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I will not take any more time of the Council and will sit down with the request that the Honourable the Finance Member may be pleased to reconsider his proposals and to float a war loan to meet the present deficit of about Rs. 8 crores odd.

and not burden the country with any further taxation at a time when they are just recovering from the great economic depression into which they had been put.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadian): Mr. President, it was inevitable that the war should cast its dark shadow over the Budget, but I doubt whether anyone was prepared for the extent to which the Budget has been affected by it. Most people here, to speak mildly, must have been surprised by the figures mentioned by the Honourable the Finance Member in his Budget Statement. Although our revenues have on the whole been satisfactory, yet in the coming year there is going to be a deficit of a little over Rs. 7 crores and this entirely on account of the war. The Budget may therefore well be called a war budget and yet His Excellency the Commander-in-Chief who represents the Department mainly concerned with the vast expenditure that is now going on is absent from this House.

THE HONOURABLE THE PRESIDENT: Let me tell the Honourable Member that His Excellency the Commander-in-Chief is absent with the permission of the Viceroy and he wrote to me at the commencement of the session explaining his reasons that he is very busy with war affairs and cannot spare time just now to attend the Council and therefore the Honourable Mr. Williams has been specially appointed here to answer on his behalf.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Did he resign from this Council?

THE HONOURABLE MR. P. N. SAPRU: He is an ex-officio member.

THE HONOURABLE THE PRESIDENT: You know he has responsible duties to perform at this juncture—more valuable and more responsible than his presence in this House. You ought to appreciate that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, I must say in the first instance that it was hardly fair to us that this information should not have been supplied to us at the commencement of the sitting.

THE HONOURABLE THE PRESIDENT: There was no occasion for it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, the Honourable Finance Secretary thought it his duty when the debate was about to commence to tell the House that the Finance Member regretted his absence during the earlier part of the discussion and would come to this House as soon as his duties elsewhere permitted him to do so. But apart from this, Sir, no one here doubts that His Excellency the Commander-in-Chief is engaged in work of the first importance. The war has added immensely to his burden, but is there any officer of the Government of India whose duties have not been rendered heavier by the war? I am sure that the Honourable the Finance Member is one of those officers of the Government who have almost a crushing burden to bear; yet he does attend the meetings of the Legislature, because he knows that the money that is required for carrying on the administration of the country would not be voted if he absented himself from the Legislature on the plea that he had greater work to do elsewhere. In England, Sir, the War Minister, I am sure, does not enjoy ample leisure these days. Yet, however onerous his duties might be, he considers it his duty to attend the sittings of the Legislature. Indeed this is one of his most important duties so that the nation

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might be kept informed of the progress of the war and the support of the public might be obtained to the fullest measure possible.

THE HONOURABLE THE PRESIDENT: I hope you will not digress from the Budget. I have already told you that he is absent with my permission.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: He may be absent with your permission, but the principle is a much larger one. I do not say that he has been disrespectful to you. He has certainly informed you. He has tried to explain away his absence. But my contention is that it is not fair to this House that it should be placed in such a position. Sir, the fact is that His Excellency the Commander-in-Chief is absent from the House because he knows that the Finance Member will supply him with the money that he needs whether he attends it or not. It is the knowledge that he owes no responsibility to the Legislature that is the chief cause of his absence from this House. If my Honourable friend the Finance Member could absent himself and at the same time get all the money that he wants, I daresay he would soon find that he had more important work to do elsewhere.

If, however, Sir, His Excellency the Commander-in-Chief's excuse is a valid one and he cannot attend the meetings of the Council, then the sooner the present arrangement is altered the better. The Government of India Act, 1935, does contemplate a change in the present state of things. Had it come into effect, His Excellency the Commander-in-Chief would have ceased to be a Member of the Legislature and the defence of the country would have formed part of a portfolio assigned to a civilian Member.

THE HONOURABLE THE PRESIDENT: Yes, but that will come when Federation takes place.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, if the Government of India Act can be changed more than once for purposes which suit the British Government, there is no reason why it should not be changed for this purpose also. This, Sir, is not, let me say with all respect to the Chair, a digression. It is an important question of principle. It is a fundamental question which Government would do well to bear in mind for the future.

Sir, coming to the financial side of the Budget, I must first observe that the course of our revenues has proved the contention of those who last March asserted that the import duty on sugar would produce such a large sum that it was not necessary for Government to enhance the duty on raw cotton. It was known last year that there would be a shortage in the production of sugar in this country. My Honourable friend the Leader of the Opposition said that he had information in his possession which indicated that large shipments of sugar would take place from Java to this country, but his statement was pooh-poohed. Facts, however, have borne out the accuracy of what he said and Government have—

THE HONOURABLE SIR JEREMY RAISMAN: Sir, it was not denied that shipments of sugar from Java would take place. The amounts were questioned.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Yes, of course. I never said that you were so ignorant of facts or could so minimise them.

to say that no sugar would come to this country. But you doubted Lala Ram Saran Das's statement with regard to the quantity of sugar that would be imported to such an extent as to increase the import duty on silver.

THE HONOURABLE SIR JEREMY RAISMAN: We did not increase the duty on silver.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I mean cotton. However, Sir, the future is more important than the past. The Budget tells us that the defence budget would be increased by about Rs. 8 crores and 60 lakhs. Of this, Rs. 20 lakhs will be due to Waziristan and the rest, that is about Rs. 8.4 crores, to the war. A part of this will be met from the money in the Reserve Fund and taxation will be levied to the tune of Rs. 6 crores and 30 lakhs to make up the deficit. This will be in addition to the increase of Rs. 5.25 crores owing to the enhancement of railway rates and fares. Now, Sir, in this connection I must refer to the arrangements made between His Majesty's Government and the Government of India with regard to the defence expenditure. The Honourable the Finance Member has said in his Budget Statement that, in addition to other items to be borne by the Indian exchequer, it will have to make a lump sum payment of a crore of rupees towards the extra cost of maintaining India's external defence troops. Now, I should like to remind the House of the views of the Chatfield Committee on this point. The Secretary of State for India in his military despatch announcing the decisions of His Majesty's Government on the recommendations of this Committee observed as follows:—

"This Committee hold that it would follow from their main principle that, if forces held in India covered by the joint responsibility are used outside India in an emergency affecting India's external security, their ordinary maintenance charges should continue to be borne by India; in other words, that in such circumstances India should forbear to make a saving out of the fact that some part of her forces would in her own interests be employed beyond her geographical frontiers."

Nothing could be clearer, Sir, than the language used by the Secretary of State for India. We were to bear only the normal maintenance charges of the troops sent out of India in accordance with the recommendations of the Chatfield Committee. But now we are to make a payment of one crore of rupees towards the extra cost of maintaining such troops as have been sent out.

THE HONOURABLE THE PRESIDENT: Those were not abnormal conditions?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: And this information has been communicated to us now for the first time. As for your observation, Sir, the Chatfield Committee dealt with an extraordinary situation, a situation which would arise in case Indian troops had to be sent to places outside India, to places between Malaya and Singapore on one side, and Egypt on the other. To say that an abnormal situation has arisen is therefore not to say anything that was not envisaged by the Chatfield Committee. The recommendations of the Chatfield Committee were based entirely on the possibility of an abnormal situation arising. I should like the Finance Member therefore to explain to us how we have been saddled with this extra burden of a crore. I should further like to ask him, since this payment is to be made in connection with the current year's Budget, as to whether such payment for the coming year has been anticipated and provided for in the total increase of military expenditure mentioned by the Honourable Member in his Statement.

THE HONOURABLE SIR JEREMY RAISMAN : No.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Honourable Member says "No". That is, our military expenditure has increased on account of the war by nearly Rs. 8½ crores and this without any provision for the payment of lump sum on account of the extra cost of maintaining India's external defence troops that we might be called upon to bear in the coming year.

THE HONOURABLE SIR JEREMY RAISMAN : That is so.

THE HONOURABLE MR. HOSSAIN IMAM : This crore is not included in the Rs. 8 crores ?

THE HONOURABLE SIR JEREMY RAISMAN : It is a single lump sum payment.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : This is, Sir, an extraordinary situation. It is even more alarming than it had first appeared to be, and it is rendered still more alarming—

THE HONOURABLE SIR JEREMY RAISMAN : Is the Honourable Member alarmed because this is only being done on one occasion instead of being a recurring payment ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Does the Honourable Member say that this payment is not going to be made again ?

THE HONOURABLE SIR JEREMY RAISMAN : Yes.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I did not understand him to say that at first. I thought it simply meant that provision for it would have to be made in future. If that is so, may I know as to why we have been called upon to make a lump sum contribution in the current year ?

THE HONOURABLE SIR JEREMY RAISMAN : It is explained in my Budget speech.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Honourable Member has explained nothing there. He has merely stated this fact there. The Honourable Member's reply, while gratifying to us as showing that no extra burden of this kind would be thrown on Indian revenues in future makes it more difficult at the same time to explain the special reasons for charging this lump sum of Rs. 1 crore to Indian revenues in the current year.

Sir, while discussing the subject of the deficit and the expedients proposed by the Honourable the Finance Member for the raising of about Rs. 6½ crores, I cannot help referring to two other items which bear on the Indian financial situation. The Government of India Act debars us from levying income-tax on the interest paid on the sterling obligations of the Government of India. It is true that the Government of India are helpless in this matter. But I say again that if His Majesty's Government could change the Government of India Act more than once for their purposes, could they not change it to do justice to India ? The subject was discussed in this House about two years ago and I well remember the plight to which the Finance Secretary, Mr. Nixon, was reduced at the time in attempting to meet the arguments of the non-official Members.

Another thing that I should like to draw the attention of the House to in this connection is the provision that is made under the Indian law for relief in respect of the double taxation of incomes. The principle seems to be equitable, but how many Dominions have given effect to it ? And what is its effect on the Indian revenues ? Sir, if India were in a position to secure justice for herself, it would, I venture to think, be able to tide even over the present crisis, in so far as it has unfolded itself up to the present time, without any taxation or at any rate a heavy amount of it.

Sir, the Honourable the Finance Member has proposed, apart from the tax on excess profits, an increase in the excise duty on sugar from Rs. 2 to Rs. 3 per cwt., and an increase in the petrol tax of 2 annas per gallon. He has tried in his statement to show that the country is, generally speaking, in a prosperous position and that the rise in prices because of the war is of a substantial character. He says :—

"Taking the category of the chief articles of export as a whole, their prices today are some 40 per cent. higher than they were just before the war broke out".

I think that while general index figures have their own value, it will be more profitable if we consider singly those items which bear vitally on the welfare of the people. Now, if we take the export trade alone, I think that the three items that we should consider in this connection are cotton, oilseeds and raw and tanned hides and skins. If we take these into account, it would certainly be true that the price of cotton has risen. But, as the Honourable Member himself has observed, the prices have recently shown a tendency to go down. Besides, even today, they are not much higher than what they were in 1937-38, or the prices which are considered to be fair by people who should be regarded as impartial and not partial to capitalist interests. As regards oilseeds, it is true that their prices have risen, but the price of groundnuts has not risen very appreciably. Besides, during the last 10 months ending January, 1940, the value of the exports of oilseeds has been less than in the corresponding period of last year. Perhaps there have been difficulties owing to want of shipping facilities. But, however that may be, I mention this in order to indicate that a rise in prices does not by itself indicate that prosperity which the Honourable the Finance Member wanted the figures pointed out by him to be regarded as a proof of. It does not, therefore, appear, even taking such rise in prices as has taken place, that there is much reserve on which the Finance Member can draw so far as the public at large is concerned. I could substantiate this on the whole by referring to the prices of other important agricultural products also, but at the time at my disposal will not permit me to deal with them.

Sir, I will not go into details with regard to the taxation measures proposed by the Honourable Member, because we shall have another opportunity of discussing them. But I shall take leave to make one observation with regard to the increase in the excise duty on sugar. Whether the sugar industry can bear it or not, I am not concerned with for the time being. But I wish to draw the attention of the House to the fact that very recently the price paid to the sugarcane grower in the United Provinces and Bihar was 10 annas per maund. It was then lowered to 9 annas 9 pies, and only a few days ago it was lowered to 9 annas. It thus appears that the burden of the new duty is going to be borne by the agriculturist and not by the consumer or the manufacturer.

Sir, as the Budget is dominated entirely by the conditions prevailing on account of the war I venture to make one or two suggestions with regard to our general defence arrangements. If it is desired that the public should be

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associated with the conduct of the war, if the free consent of the public is thought to be a desirable object in securing such money as the Government might need, it is absolutely necessary that some arrangement should be made in order to keep at least the Legislature informed with regard to the policies that are followed and the developments that take place. The Consultative Committee suggested by His Excellency the Viceroy was to have as its object, as His Excellency said in October last :—

“The association of public opinion in India with the conduct of the war and with questions relating to war”.

THE HONOURABLE THE PRESIDENT : That was turned down by the Congress.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That precise measure might have been turned down, but that does not absolve Government of their responsibility in this connection. They have yet to take steps in order to provide the Legislature with that information which is supplied to Parliament in the United Kingdom at the present time. We have hitherto been regarded only as instruments for the voting of taxation. Our only business appears to be to provide Government with the money that they need and not to share in those privileges which are enjoyed by the Legislatures in the self-governing countries. The question is not merely one of expenditure although it has so far been discussed with reference to that only. It is, and to a much larger extent, one of policy also. We must have adequate means of discussing the policies followed by the defence authorities and of bringing our influence to bear on them. It is not enough however that a Committee should be established in order to keep the Legislature in touch with the Defence Department. It is also necessary that the whole House should on suitable occasions be provided with that information which it is its right to be supplied with. If necessary even a secret session of the Legislature might be held, as that of Parliament was held a short time ago. I know, Sir, that the arrangements to which I have drawn the attention of the House prevail in countries that are self-governing and that we cannot by any stretch of language regard ourselves as being even within measurable distance of full self-government. Yet if Government want to take us along with them, if they do not want to impose additional responsibilities on us merely by their fiat, then it is their duty to take us into their confidence and to devise appropriate measures for the purpose. They cannot have the support of the intelligentsia unless this vital matter is attended to.

Sir, there is just one more point that I shall touch on before I sit down. It relates to control over expenditure in general. I have no doubt whatsoever that my Honourable friend the Finance Member would not allow even a pie of our money to be wasted at any time, and particularly at this time when he needs and urgently needs all that he can get. But there are just one or two things which I should like to bring to his notice and which I would request him to throw some light on. It was announced the other day that the Office of the Reforms Commissioner would be closed down. It was said that it would cease to exist *as such* but that it would become a part of the Governor General's Secretariat. I should like to know what this means? If Federation is out of the question, if nothing in connection with reforms can be done at the present time and the Office of the Reforms Commissioner is therefore not needed, what is the purpose of adding it to the Secretariat of the Governor General? This, so far as I know, has not been explained as yet and I hope that the Finance Member will be able to explain it to the satisfaction of the House.

Another point to which I would like to draw his attention relates to the Department represented by Mr. Dow. In reply to a question of mine he laid a statement on the table of the House the other day. Now I find here that the gazetted officers in the Supply Department are 28 in number. Of these it appears seven have been directly recruited, and 13 out of the remaining 21 officers are receiving higher salaries than before. In several cases the increases are not large, but there are certain officers whose pay has been substantially increased. The pay of the Director General himself has been increased from Rs. 4,000 to Rs. 5,000, while that of the Secretary, who was commanding a regiment till recently and was drawing Rs. 2,070, has been raised to nearly Rs. 3,200. That is, in the latter case there has been an increase of Rs. 1,100. His pay now is probably higher than that of many an officer above him in the military hierarchy. I am not sure of it, but I believe his salary is very near that of a Lieutenant-General now. There are certain other officers too whose pay has been substantially raised. Now, I ask, Sir, whether this is an indication of the desire of the Government to introduce the fullest economy and to keep expenditure under check. As regards the remaining seven members, that is, those who have been directly recruited, I understand that one of them—I do not want to name him—was earning a very small sum before his appointment as Deputy Director of Administration, but he has been appointed on a salary of Rs. 800 per mensem. Lastly, I should like to point out that only five out of these 28 officers are Indians. Could these arrangements be justified in any circumstances? Can they in the slightest degree be justified at the present time?

But, Sir, this is not all. My Honourable friend the Finance Member referred appreciatively to the activities of the Supply Department the other day. My Honourable friend Mr. Dow told me the day before yesterday that only one out of the liaison officers so far appointed by his Department was an Indian. As regards raw materials I asked him whether Government had appointed any liaison officer connected with the business in raw materials or whether Government were in any way controlling the export of hides and skins and wool. His reply was “No, Sir.”

THE HONOURABLE MR. H. DOW : I think the Honourable Member's question was whether the Supply Department was doing that. At any rate I took his question to have reference to the Supply Department.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Here is the question. I will read it out. I asked :—

“Are you controlling their export in any way so that they might go to England and from there be distributed to various countries”.

and the Honourable Member's answer was “No, Sir”.

THE HONOURABLE MR. H. DOW : That answer is quite correct.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The House will judge now when I have placed the proper facts before it as to whether the reply was substantially true or untrue.

THE HONOURABLE THE PRESIDENT : Will you please conclude now? I have already allowed you 40 minutes.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I will just finish, Sir. This is the last point. I should also like to point out that the Honourable Member said that no officer had been appointed in connection

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with the purchase of raw materials because raw materials were not being purchased, nor was their export being checked. Now, Government issued a Press Notification on the 17th November, 1939, which was partially modified by another Note which was issued about two weeks later. It states that His Majesty's Government—

"have now come to the conclusion that it is necessary not only to maintain the existing embargo on exports of black, grey and other coloured wool to all destinations but also to prohibit the exportation of white and yellow wool to any destination except the United Kingdom".

Certain exceptions have been allowed which are mentioned in both the Press Notes that I have referred to, but the fact nevertheless remains that the export of wool is controlled, that the export of certain kinds of wool is totally prohibited, and that the export of white and yellow wool to any country except the United Kingdom has been prohibited. As regards the appointment of a liaison officer in connection with raw materials of any kind, the Press Note says:—

"Government have appointed Messrs. Ralli Brothers for Bombay and all areas north of that City and Messrs. Binny and Co. (Madras), Ltd., Bangalore, for areas south of it as sole purchasing agents for Indian wools required by mills for execution of Government contracts".

I leave the House to judge whether the Honourable Mr. Dow gave replies which were substantially correct and which conveyed a true understanding of the situation to Honourable Members. I should like to know, Sir, in this connection what the Supply Council is doing to which Sir Ramaswami Mudaliar referred with great force in September last in this House. He pointed out that the Supply Department would carry out its activities under the supervision of the Supply Council. How is that Council functioning? Was it concerned with the making of those appointments of which I spoke a little while ago? Was it concerned with the appointment of these liaison officers? What are its duties—

THE HONOURABLE THE PRESIDENT: Will you please conclude now?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: And what is it doing?

Sir, I have done. I will only say in the end that the picture that the Finance Member has presented is an exceedingly gloomy one. How I wish that while making his statement he had also given some indication of the policy of the Government with regard to the development of those industries in this country which can take advantage of the prevailing conditions as to establish themselves firmly and be able to do without any protection or much protection after the war. I wish he had said something on this point, so that we might have known what positive policy the Government were following in order to develop the resources of the country and to increase that income on which alone they can draw in times of need.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Mr. President, the circumstances in which the Honourable the Finance

Member presented his Budget were so out of the ordinary and difficult that it would have been impossible for him to present a normal budget or a featureless budget. The fact is that we are in the midst of a war and the Congress might say that we have been unwillingly entangled in it, but I for one am not prepared to say that this war has been thrust upon India. The destiny of India is as much concerned with victory as that of the British Empire itself. We stand or fall together. The danger of the Nazi menace is not a danger for Britain alone. It is a danger for every civilised country and, although we may not offer our unconditional and full support to the Government owing to its inability to meet our demands, we cannot accuse it of having in any way brought about this war on an unwilling India.

Sir, the Honourable the Finance Member took an hour and a half to deliver his Budget speech in the other House, and the Honourable the Finance Secretary took an hour in this House. I do not think I will be able to do any justice to their speeches in the short space which I am going to utilise in giving my observations.

First of all, Sir, I should like to thank the Department for having given all the Members a Report of the Central Board of Revenue on Income-tax. This, Sir, has given us a great deal of light and information on subjects on which we wanted information. But I still have to complain that the Explanatory Memorandum is a foundling. I complained last year that it is not fathered by anyone and does not contain the amount of information which it used to do up till 1936. The Honourable Sir Guthrie Russell has now assumed the parentage of the Railway Explanatory Memorandum, but Mr. Jones still refuses to adopt as his child the counterpart. Sir, I am not going to deal with the accounts of 1938-39 which he has given, firstly, because it would not serve a very useful purpose to deal with a thing which, according to the Honourable the Finance Member himself, is past history. And secondly, we did not participate in the discussion of the Budget of that year, due to the feeling that we had on the question of the Army Secretariat. So it would not be fair for us to make any observation at this time.

Coming, Sir, to the current year, I am not going to waste the time of the House by making a detailed criticism of all the items in it. Suffice it that I shall deal with a very few important points. I am following the order of the speech of the Honourable the Finance Member. In the customs income he should fairly admit that he had been guilty of wrong estimating. And it is, Sir, something to be said in fairness to the opposition in this House, that the Leader of the Opposition in this House was correct in his estimate of the sugar income. He prophesied that the income would be Rs. 5 crores and 77 lakhs from the combined excise and customs revenue on sugar, whereas the Government had estimated it at Rs. 4 crores and 20 lakhs. The revised budget estimate of the Honourable the Finance Member put it at Rs. 5 crores and 90 lakhs, which means that the Leader of the Opposition was wrong by 2½ per cent. and the Finance Member by 30 per cent. in estimating. That, Sir, does not speak well of the arrangements for estimating the income of this Department.

THE HONOURABLE SIR JEREMY RAISMAN: Not guilty.

THE HONOURABLE MR. HOSSAIN IMAM: But, Sir, while on this head, I should like some explanation from the Honourable the Finance Member on the item of silver duty. It is a sort of raid on capital funds because there was

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actually no import of silver. On this item which I am citing, the Finance Member stated that in the price that we were getting a portion as customs duty was included. It is no doubt correct in theory; but in actual practice you did not import silver, therefore this external and unaccrued income he has taken from the capital head, the actual price of silver received was greater than has been credited to the capital head by Rs. 1 crore and 22 lakhs. It was only to make up his demand for customs income and to provide himself with a surplus that he has done this. It might be cited that there were precedents of this kind in India, but on the basis of equity, I think he will agree that it is not correct to take credit for a capital head income in this way because there is a duty on silver in India. That every sale of silver made by the Government in India should pay a customs duty although it is not imported silver is bad economics and wrong finance. This might have been justified if the price at which we were selling was higher than our purchase price. But as it is, it is less by 40 per cent. from the purchase price. Even from that small price to deduct this amount is not fair play. Actually, if we take out this item from the customs, there is a greater fall than has been shown.

THE HONOURABLE SIR JEREMY RAISMAN: Wrong estimating?

THE HONOURABLE MR. HOSSAIN IMAM: Your estimate was correct. In the Budget you were perfectly correct, but when you came to actual allocation you have made this ledgerdomain by which you have credited to the revenue account a sum which ought to have gone to the capital head.

I should also like to have some information as to the amount of silver which was sold by our agents in London from September to 13th December, and from 14th December when the Reserve Bank came in the field and started selling. The time when the Reserve Bank started selling cannot by any stretch of imagination be called as a fit period in which the customs duty should be charged. Secondly, Sir, we have only second-hand knowledge from the Report of the Reserve Bank that the Reserve Bank entered into a sort of profit-sharing agreement on silver imports. No information has been given by the Honourable the Finance Member on that aspect of the question—whether we have suffered a loss or gain or what has happened? The Reserve Bank says:—

“On the 18th December, 1939, in exercise of the power conferred by the Central Government, the Reserve Bank introduced a scheme of licensing imports of silver on a profit-sharing basis and fixed minimum and maximum prices for the sale of imported silver”.

Was there a profit or a loss on this head in the current year? This has not been indicated by the Honourable the Finance Member. If this addition to the proper customs duty had not been made and if sugar is excluded, I find there is a fall of Rs. 1,62 lakhs in the income from other heads of the customs revenue. So that the ordinary basic figure of customs income is only Rs. 39,03 lakhs.

Sir, when I look at the income-tax figures, I find that the Honourable Member has himself admitted that they had not correctly estimated the income and they are going to receive more than they had budgeted for. So far so good. But I am rather in a difficult position, for while I quite agree with the Honourable the Maharajadhiraja of Darphanga that the Income-tax Department is very harsh on those who are honest, I find that it has singularly failed to deal with those who are crooked or skilful enough to evade. I find, Sir, from the report I have mentioned that honest Bihar is in a peculiarly bad position as far as assessments are concerned—

THE HONOURABLE SIR DAVID DEVADOSS: As far as honesty is concerned?

THE HONOURABLE MR. HOSSAIN IMAM: No, Sir; as far as the Department's depredations are concerned. You will find from the report that whereas the number of assesseees at the end of year under review in Bihar was 16,410 the number of those who filed appeals under section 30 was 3,003. You will be surprised, Sir, that Madras, with 58,342 assesseees, had only 3,622 appeals—

THE HONOURABLE SIR DAVID DEVADOSS: What does it show?

THE HONOURABLE MR. HOSSAIN IMAM: They might be honest or the Department might be more pliable. In Bombay, out of 1,32,085 assesseees, only 5,612 had to go in appeal. The proportion there is about 4.2 per cent. whereas in Bihar the proportion of assesseees going in appeal is so high as about 18.4 per cent. That is a thing which requires going into. It is not an empty complaint—

THE HONOURABLE SIR DAVID DEVADOSS: What was the result of the appeals?

THE HONOURABLE MR. HOSSAIN IMAM: Sixty-two per cent. of cases were successful in Bihar. The Honourable the Finance Member comes from Bihar and I also come from the same province. So we know each other.

Sir, it is a surprising thing that out of the whole of India, there should be only 16 millionaires in British India. It is inconceivable that there should be only 16 millionaires, those who have an income of Rs. 5 lakhs or more. Only 16 people! Can any one believe it? It is a sheer evasion. I think you could find more people with an income of above Rs. 5 lakhs in the City of Bombay alone from where the Honourable Mr. Parker comes.

I find that although grading of individual incomes has been made, there is no grading for the income of companies and registered firms. All this income is jumbled together under one head in Return IV. If possible, we wish that there should be a grading of the corporation income as well as in the different classes below Rs. 50,000 as there is for Rs. 50,000 up to Rs. 5 lakhs, there is none for Rs. 10 lakhs and above, so that we might get the figures for the income of the corporations of each place as well as of each class, the Indian companies and those which are registered outside but carry on business in India. It is very difficult now to find out how the foreign firms who are established in India are evading the tax.

Sir, I am not going to deal with the defence expenditure of the current year. I shall deal with it when I am dealing with the coming year's budget. I also wish to enter my protest against the unorthodoxy of the present Finance Member. Perhaps he is following in the footsteps of Sir James Grigg about the revenue surplus. Revenue surplus, under ordinary circumstances, should go towards the reduction of debts. He has admitted that in his speech. But I wish to stress the statement made by Sir James Grigg in this House last year when I asked him that the Burma portion of the capital repayment should go towards the capital head and not towards the revenue account. His words were as follows:—

“I pleaded guilty to a certain diminution of orthodoxy in that respect last year and I think I said to him that I had hoped to present in that respect a fairly orthodox budget but that declining revenue which set in at the end of the year prevented our doing so”.

[Mr. Hossain Imam.]

That excuse is non-existent now. You have a surplus. What possible excuse have you got for not transferring to the capital account that portion of Burma annuity which represents capital repayments? The first charge on revenue surplus was to repay this liability. I think the Honourable Mr. Parker will agree with me, as he has been a very staunch supporter of orthodoxy in these financial matters, that this should have gone there.

Coming to the current year's budget, I am not one of those who favour that we should finance our war expenditure from borrowed capital. The present generation is entering this war for its betterment and it should pay for it, unless it finds the burden too great. The example of England is not relevant to us. England, after making every endeavour and great sacrifices and failing to find more money, has now, as a last resort, decided to go in for borrowed money. We have not been reduced to that stage, and we would not be justified in leaving the deficit uncovered and transferring it to the capital head. I am also conservative enough to feel that a budget estimate should err on the right side, and if there is a conservative estimate of the income, it is not to be condemned. But a deliberate under-estimating should not be permitted. I find that there are two items of deliberate under-estimating under the Customs head. The Honourable Member has thought perhaps that the Congress is assuming power in the Centre as well, and that the income from fermented liquors and other spirits is going to fall tremendously. The first and second heads of the Customs income have been estimated to show a fall of Rs. 54 lakhs from the last budget which is not borne out even by the revised budget estimates. I think he has been too optimistic in expecting that the Congress will be coming again quickly and taking over charge of the Centre too and bringing prohibition in its train. And the other item is one in which I cannot understand the reason for that under-estimating. It is motor spirit.

THE HONOURABLE SIR JEREMY RAISMAN: The Honourable Member will forgive my interrupting him. There has been a misprint. The figure of Rs. 7 lakhs in 1940-41 under the first item should have been Rs. 27 lakhs. It only allows for a drop of 10 per cent.

THE HONOURABLE MR. HOSSAIN IMAM: Then the fault was that of the printer's devil.

Sir, I was dealing with motor spirit. I cannot understand on what basis the Honourable Member has estimated this. Except that he is anxious to under-estimate the income there can be no other explanation for it, because we have increased the duty from 10 to 12 annas and as such there should have been an increase of one-fifth in the takings from that item, whereas the actual budget figures are less than the revised budget estimates.

THE HONOURABLE SIR JEREMY RAISMAN: Look at the Excise. You will find it there. Look at Statement III; you will find Rs. 1,60 lakhs.

THE HONOURABLE MR. HOSSAIN IMAM: You will find, Sir, that on motor spirit the actual taking in the accounts year is Rs. 5,15 lakhs, and the Honourable Member had estimated in the revised budget of the current year an income of Rs. 5,90 lakhs. Now, after an increase of 20 per cent. what possible reason can you have for budgeting for a fall of Rs. 15 lakhs?

THE HONOURABLE SIR JEREMY RAISMAN: Look at page 6, item (1). Instead of spreading the increase over two heads we have put the whole

of the increase under the Excise head. A certain amount of motor spirit is produced in India and a certain amount is imported, and for simplicity we have put the increase there. It comes to the same thing.

THE HONOURABLE MR. HOSSAIN IMAM: Well, it might be more convenient, but it is more confusing to us. I thought perhaps there had been a new find of oil bearing strata and the Honourable Member was expecting an increase in the excise because of that. I think about 80 per cent. of our supplies are imported and not produced in India.

Now, Sir, I remember last year to have criticised the Government for keeping the excise duties as an unimportant part of their revenue structure. I recited that in other democratic countries like England and France, excise formed about 20 per cent. of the tax income of those countries, and I pleaded that excise should come up to the same mark in the Government of India. But I had not bargained for that reacting like a boomerang on us and resulting in this extraordinary rise in sugar duties of 50 per cent. and 20 per cent. in motor spirit. These subjects can be dealt with more conveniently at the time of the Finance Bill, so I am not going to hammer at the point now, but I would like to ask the Honourable Member to consider the feasibility of tapping new sources for his excise. He should be prepared for a further fall in customs income. With the development of the self-sufficiency programme and increase in industrial development of India, customs are bound to become subsidiary and lose their primary position in the structure of the Government's income. For this reason it is necessary to find new sources which can be tapped and the old sources should not be continually touched one after the other. It is only recently that the tax on sugar went up from Rs. 1-8-0 to Rs. 2 and now it has gone up from Rs. 2 to Rs. 3 per cwt. Textiles are a very profitable source of income if they are tapped.

Sir, we are told that in this time of war, sacrifices are called for and every one must be prepared to make sacrifices for the sake of the common good. But is the Government setting a good example? I hear that there is war profiteering in the Secretariat too. The emoluments are rising and the civil estimates are on the up-grade. The Honourable the Finance Member has said in his speech that the civil estimates are up by Rs. 1,51 lakhs. But he had taken the figures of the current year as compared with the coming year. I would prefer to compare the last normal year ending 31st March, 1939 with the coming year; and thus I find that the increase is of Rs. 2,40 lakhs in civil estimates. That great increase does not show the anxiety of Government to bring down its expenditure in order to meet the greater requirement of financing the war. Particularly I should like to say a few words about the Civil Aviation Department, a favourite of the Government of India. Last year I drew attention to the fact that while agriculture was suffering and grants to it were being reduced, the civil aviation was coming in for more and more grants. (An Honourable Member: "That is very necessary.") It might be necessary, but it is more necessary to feed the starving than to have good clothes to put on. It is not an urgent necessity of life. Civil aviation has already cost us and is costing us about Rs. 25 lakhs recurring. In the past we made a present of Rs. 93 lakhs as a lump sum grant and we are going to make another lump sum grant in seven years of Rs. 1,75 lakhs; that is to say a lump sum grant of Rs. 2,63 lakhs and a recurring demand of Rs. 25 lakhs a year; while agriculture, the mainstay of 80 per cent. of the population, is to have its grants curtailed.

THE HONOURABLE MR. P. N. SAPRU: Agriculture is a provincial subject.

THE HONOURABLE MR. HOSSAIN IMAM: If it is a provincial subject ; then aviation is also a military subject. As the Honourable Member has himself said, it is only as a help to the military activities of the future that landing grounds, etc., are being provided, so that the Royal Air Force and Indian Air Force should have use of them. It is an indirect military expenditure which is saddled on to the civil estimates.

Then, Sir, I come to the Department over which Mr. Dow presides. I have first of all some obscure points which I hope the Honourable Finance Member will clear up. He says in his Budget speech that this Department has received orders from His Majesty's Government amounting to about Rs. 14 crores. We are charging them 3 per cent. on this purchase. I hunted up the Budget to find where was this credit of the amount of commission which we are going to receive from His Majesty's Government. There is no heading of Supply Department's income in the budget estimates.

THE HONOURABLE SIR JEREMY RAISMAN: Miscellaneous.

THE HONOURABLE MR. HOSSAIN IMAM: Or is it income arising out of the war, because that is the only new head of income which I have found. Secondly, Sir, it is rather strange that the Supply Department should be made up of two links, one of which is out of its control altogether and the other is partially out of its control. The Indian Stores Department is not under the Supply Department although the major part of the purchase of the Supply Department is made through the Indian Stores Department ; and the Contracts Directorate is also filled in by military people and therefore not altogether under the control of the Civil Supply Department. Had it been a civil department, there would have been no necessity of taking its officials only from the Military Department. We find, Sir, that in reply to one of my questions the Honourable Mr. Williams stated that there were four second lieutenants whose former pay was not known, but who were drawing Rs. 1,165 a month. For a second lieutenant with an Emergency Commission to receive Rs. 1,165 a month is somewhat strange as it is nearly thrice the ordinary pay of a second lieutenant. If we had control on this personnel, because the heading is the Department of Supply, I know that civilians would not be generous. I find there is a case of Major Marriott whose former pay was Rs. 610 and who is now drawing Rs. 1,510 ; but there is a world of difference between the pay of a major and a second lieutenant, not less than Rs. 400 as is given in this reply. Then, Sir, there is a general complaint that the Supply Department has become the monopoly of those favoured few who either were formerly in the good books of its two composite arms or who entered in the first rush. It is now almost a close preserve of those who were there in the first place. My community, as it is always a late comer, has specially a great grievance against this. But it is not a grievance confined to Muslims alone. I know that Sikhs, Indian Christians and others are also complaining that they have not been given fair treatment.

THE HONOURABLE THE PRESIDENT: Will you please conclude your remarks ? You have already had 35 minutes.

THE HONOURABLE MR. HOSSAIN IMAM: Very well, Sir. I am just finishing. I think that Pandit Hirday Nath Kunzru's questions and the answers to them by Mr. Dow require some elucidation. He has brought a case of giving monopolies to certain firms and perhaps the Honourable Mr. Dow did not realise exactly what the Honourable Member was asking. Otherwise there could not be any justification for his emphatic "No" after looking at this Notification which the Honourable Pandit Kunzru read out.

Sir, as far as the defence budget is concerned, there can be no doubt that it was bound to rise. Everyone expected it to rise. But knowing that we have not yet actually entered into war, that our armies are not fighting and we are not paying for the expenditure on actual war, it seems rather staggering that in preparation for the war we should be called upon to foot such a heavy bill.

THE HONOURABLE THE PRESIDENT: There are many other speakers.

THE HONOURABLE MR. HOSSAIN IMAM: I am not dealing with details ; they have been covered by previous speakers. I am going to deal only with subjects which have not yet been dealt with.

Sir, we are grateful to the Honourable the Finance Member for having stated categorically that the lump sum grant in the current year is not going to be repeated in the coming year ; for that we are very grateful, but that also establishes that there is no justification for its payment and that it has been extracted out of us. That was bound to happen between His Majesty's Government and a subsidiary body like the Government of India ; there can be no compromise except that one will dictate and the other will have no option but to accept. We expected, Sir, that the Government of India would be wiser and would understand that India is no longer a child, that it understands its position, and is willing to share not only the cost but also the responsibility, power and everything connected with it. It was high-handed action on the part of Government in not associating Indians in this settlement. They had at the headquarters two persons eminently suitable to be associated, who had experience of these things. I refer to those who were members of the Garran Tribunal, high judicial officers who were both available at the headquarters, who had knowledge of the subject. What was the harm in associating them with this discussion ; that would have assured us that everything possible was done by the Government of India and that they were over-ridden by His Majesty's Government.

THE HONOURABLE THE PRESIDENT: Will you please conclude now ? I have allowed you nearly 40 minutes.

THE HONOURABLE MR. HOSSAIN IMAM: I am not dealing with any other subject.

THE HONOURABLE THE PRESIDENT: You will be compelling me to fix a time limit.

THE HONOURABLE MR. HOSSAIN IMAM: I will not take more than four minutes.

THE HONOURABLE THE PRESIDENT: I cannot allow every Member to speak for 40 minutes. You have already occupied much time.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I find that the Honourable the Finance Member was very discreet, but his budget papers were not discreet enough. In the budget estimates it is shown that Rs. 8.75 lakhs was expected to be recovered under Defence Services receipts, but in the revised budget therecovery has been reduced to Rs. 5.88 lakhs on the first page of the Budget paper. What is the reason for this reduction of Rs. 2.87 lakhs in the receipt from the Defence head ? Then, Sir, in Statement C in our Capital

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Accounts, we find there is noted a receipt and expenditure of Rs. 7.77 lakhs in 1939-40 and Rs. 13.00 lakhs in the year 1940-41. Is that the contribution by His Majesty's Government towards Defence expenditure or am I right in assuming that it is a part of the grant under the Chatfield Committee Report? Sir, in order to do justice to His Majesty's Government the Honourable the Finance Member ought to have enlightened the House as to what it is going to cost His Majesty's Government and the saving to India due to this arrangement.

THE HONOURABLE SIR JEREMY RAISMAN: Even Parliament does not know that.

THE HONOURABLE MR. HOSSAIN IMAM: You have not mentioned it in your budget papers; you have not mentioned it in your speech.

THE HONOURABLE THE PRESIDENT: Will you please resume your seat now?

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I have concluded.

THE HONOURABLE MR. H. DOW (Nominated Official): Sir, I think it is desirable that I should get up at this stage and try to answer some of the criticisms that have been made about the Supply Department. The last speaker has mentioned one or two small points on which I admit that I cannot give him answers straightaway but I can tell him what the answers probably are. He referred to certain second lieutenants who, I think he said, were drawing the pay of Rs. 1,165 in contrast with the modest salary which is drawn by a gentleman of the rank of major in my own Department. I think that the explanation is probably that these are emergency commissions conferred on fairly senior people who have special knowledge derived in their private life of the work which they are doing in the Contracts Directorate. As regards Major Marriot, I happen to know the fact that he is a retired officer and the commission from which he derives his title was granted to him in the last war. He comes to the Supply Department from a purely civil post. In any case, if the Honourable Member wishes to pursue these questions further, I shall be very pleased to find out the facts and give them to him privately, or if he prefers to have them aired publicly, in an answer to a question in this House. I can assure him that there is nothing that the Department wishes to hide in the matter.

I think, Sir, that it would be most advantageous to the House if I try to deal with the major questions of principle which seem to be behind these criticisms, and I will deal with them in this order. There has been criticism of the relations of the Department with the representatives of Indian industry. Secondly, although the direct charge has not been made, it is easy for me to feel that there is prevailing an idea that somehow financial control is somewhat looser in the Supply Department than it is in other Departments, and although perhaps, if this were true, it would be rather a criticism against the Finance Department than against the Supply Department, I shall do my best to deal with it. Thirdly, I shall have a few words to say about the extravagance of the Department of Supply in general; and last of all, I shall try to give Members a rather clearer idea than they have at present of the work which the Supply Department is actually doing. And I regard that as all-important because I think that, if they had had a clearer idea, some of their criticisms would not have been made.

To speak then, first, of our relations with the representatives of Indian industry, it has been alleged that, out of the large number of controllers and advisers, we have only one Indian. Sir, the Department selects advisers for a particular industry only when the volume of its transactions or the complexity of its transactions in connection with that industry seem to call for it. I think it will be generally admitted that the less we have to exercise control over an industry, the better. Now, Sir, all our advisers, with the exception of two, to whom I referred specially in an answer to a question the other day, have been appointed as the result of selection by representative bodies of the industries themselves. That is, in the case of those industries which have a regular organisation, they have been the selection of that organisation. Where the trade is not so well organised, we have called together the most representative meeting that we could get at short notice and with the knowledge at our disposal, and we have left the selection to those bodies. And the gentlemen selected have been the unanimous selection of these conferences.

There is an old proverb that the man who wears the boot knows where it pinches. I should have been very much more perturbed at criticisms of this kind if they came from the people who were subjected to this control, and who might fear that due attention was not being paid to their interests because we were getting wrong advice. The criticisms do not come from those quarters. The Department is working in the greatest harmony with those particular industries for which we have appointed advisers or controllers, and I most gratefully acknowledge the assistance which has been given to the Department not only by those advisers, but by the whole body of the industry. The Honourable Mr. Kunzru has referred again to the subject of raw wool. In an answer to a question a couple of days ago, I stated that we did not at present need a controller for raw wool and that, if at any time we did want a controller or an adviser for raw wool, we should go about it in the same way as we did in appointing the other advisers, that is by calling as representative a meeting as we could get together of the people interested in the industry. It is true that a certain measure of control has been effected by notifications issued in the Commerce Department forbidding the export of certain kinds of wool, but it is quite true, as I stated, that the Supply Department is not buying raw wool on any considerable scale. Here and there, incidental to something else, it may be necessary for us to buy a small parcel, but as far as I know we have not even done that. We are neither buying it directly for ourselves nor for His Majesty's Government, and I think there is no inconsistency at all between the facts and the answer which I gave in this House on the subject two days ago.

I will now pass to the subject of financial control. I have never worked under a closer and tighter financial control than I work under at present. I make no objection to this. If financial control is a rod, I kiss it. In fact, I do not mind admitting that, if it were not for the closeness and directness of the financial control in the Supply Department, I could not possibly have got through the amount of work that has been got through in these last six months. The amount of actual work which the Finance Department has in connection with the Supply Department has indeed become so considerable that it has just become necessary to appoint a special financial officer of the rank of Joint Secretary who actually sits in the middle of the Supply Department, and nobody is more grateful than myself that the Finance Department can get at us so quickly. I hold, three times a week, a sort of Directors' meeting of my principal officers. There is an understood rule that this meeting is not to last more than a quarter of an hour, and the principal object of this meeting is that every officer who feels that he has got a biggish

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problem coming along should mention it, and get instructions on very general lines as to how to proceed. The Financial Officer is in these meetings. It has been laid down as an instruction very clearly to every one of my principal officers that whenever he sees a problem in which the Finance Department are going to be concerned, he must get them in on it at the first possible moment. If he has made a mistake which is going to land him in trouble, it is all the more necessary that he should bring the Finance Department in at once to help him to clear it up, and I give my Honourable friend, the Honourable the Finance Member, due warning that if there are going to be scandals in the Supply Department—and it may be there will be scandals and they will certainly be mare's nests—I shall do my best to drag him into it as well as myself at the very earliest possible moment, and see that he shares the responsibility, and I have not the slightest doubt that he will be willing to do so.

Now, Sir, I come to the question of establishment. I produced a list a few days ago in this House which has been given a certain amount of publicity, of which I do not complain. It has, I think, left in the minds of many people an idea that salaries and increase of salaries in the Supply Department have been on a higher scale than usual. I think that if similar statements were prepared for other Departments of Government showing the salary that officers held before they were promoted to their present positions, the Supply Department would not come out of the comparison badly. I deny entirely that the salaries or the increase of salaries, which have been given to officers on promotion in this Department are larger than in other departments. It is impossible, of course, to justify every particular instance in a speech of this character, but on an average, I do not think the Supply Department have been treated any more liberally than any other Department. I will only refer to one officer by name as he has been already referred to, and that is, Colonel Wood, the Secretary of the Department. The statement which I produced disclosed that this officer had been given an increase in salary of nearly a thousand rupees a month. The statement did not disclose that earlier still this officer had held a Secretariat appointment in which he was getting a much larger salary than he was actually drawing as Regimental Officer at the time. He gave up that Secretariat appointment of his own will to take, on a very much lower pay, a regimental appointment, because he had the natural desire that every soldier has not to lose the opportunity of being in command of his own regiment. Knowing his record, knowing that he was an officer who had devoted a great deal of thought to questions of the organisation of supply in war, he was one of the first officers that I asked for. I thought I had got the right man and now after some months of experience I am sure of it. He has fully justified his selection as a Secretary to Government, and incidentally, though he is certainly as hard-worked as any Secretary to Government, he gets nearly a thousand rupees less than any other Secretary. One other case was not referred to by name, and I am not quite sure whether the Honourable Mr. Kunzru was making a reference to the same person to whom reference was made in another place. There have been statements in the Press to this effect:—

“It was disclosed that a gentleman whose worth was estimated at Rs. 100 a month was thought by the Supply Department worthy of Rs. 1,500 a month.”

Now, Sir, nothing of the kind was disclosed. In the course of a supplementary question the assertion was made, and the answer given was that if

any such case was brought to the Honourable Member's notice, he would investigate it. Nothing has been disclosed, because the truth is that there is not a word of truth in the allegation—not a word of truth.

THE HONOURABLE MR. HOSSAIN IMAM: What are the actual facts?

THE HONOURABLE MR. H. DOW: There are no facts. There is no such case, to the best of my knowledge.

Now, Sir, coming to the actual charge of extravagance, whatever the salaries given were, even though they were only the normal run of salaries, I should agree that if the work done did not justify the expenditure on the Department, then the charge of extravagance would certainly stand. I have, at very short notice, Sir, tried to get some figures to justify this charge. I had no idea myself, when I started to extract these figures, what the result would be. But I did say to myself, “Well, if they go against me, I will agree that there is force in this criticism, and I shall have to do something about it”. I have, Sir, extracted figures of the cost of the Indian Munitions Board in 1917-18, i.e., the fourth year of the last war, and the value of the purchases that that Board put through. I have collected similar figures for the Indian Stores Department, the Director General of the Indian Stores Department in London, and the Director of Contracts in the year 1938-39, the last year for which complete figures are available, and I have lumped them together because they are the main peace time purchasing organisations of Government. And, lastly, I have taken the expenditure on the Supply Department and have included in that expenditure such expansion of the Indian Stores Department and the Director of Contracts establishment as has been due to war supply purchases, and I have lumped them as expenditure of the Supply Department, and I have taken our war supply purchases. In other words, I am comparing the cost of the Supply Department with the cost of a War Supply Department in the fourth year of the late war, and I am comparing it with the ordinary peace time purchasing organisation of Government. I come to the following results. I have worked out from the cost (including establishment), and from the purchases by these Departments, the cost of purchasing one lakh of rupees worth of stores. The Indian Munitions Board cost Rs. 3,030 for every lakh of rupees worth of stores purchased. For the peace time organisations of Government that I have mentioned, in 1938-39 the cost was Rs. 3,270. This figure is admittedly inflated by including the cost of the Director General of the Indian Stores Department in London, which one would naturally expect to be higher than expenditure out here. In the Supply Department the corresponding figure is Rs. 485. It is about one-sixth or one-seventh.

Sir, I see a little surprise expressed, and I was myself surprised for a moment, and then I realized that the comparison was not quite fair. These purchases on behalf of the Supply Department include one very large transaction, the purchase of 500 million sandbags, which accounts for a good deal of the money. It comes to about half of our purchases of jute goods. Now if I leave out half of our purchases of jute goods the cost of the Supply Department and its organisations for each lakh of rupees of purchases comes to Rs. 741. If I weight the case definitely against myself and leave out all the jute purchases—they are left in for the old Munitions Board and the peace time purchases—if I leave out all the jute purchases of every description, the cost is Rs. 1,570. In other words, it is about half that of the other organisations.

Or, Sir, to put these figures in another way, for every rupee spent on the organisation of the Munitions Board in the last war Rs. 32 worth of stores were

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purchased. For one rupee spent on our peacetime organisations last year, Rs. 30 worth of stores were purchased. The Supply Department figure is Rs. 206, or, if I leave out the whole of our jute transactions, it is Rs. 64. That is, putting it at its very worst, and weighting the case against the Department, we are costing no more than half of the other bodies that I have mentioned.

As I have said, I have worked out these figures very quickly and very roughly, but in the main I am confident that they are correct. And, even if the Supply Department is merely regarded as an instrument of purchase, all the claim that I make is that there is absolutely no ground whatever for these general charges of extravagance. But, Sir, that is only a small part of my case, because the Supply Department is very much more than an instrument of purchase. Indeed if it were nothing more than an instrument of purchase, and if its only duty was to co-ordinate the work of other purchasing organisations, I should be the first to disband the greater part of my establishment, to hand most of the rest over to the Indian Stores Department and to propose, if I were to be left in my post, a very large reduction in my own salary. But the work which the Supply Department is doing is for the most part work which was not done before, and which there was no other organisation to do. We do not get often large orders from His Majesty's Government for things that we can go straight out into the market and buy. We are usually asked for things which cannot be got in this country, which possibly have not been made before in this country, or at any rate are not available in the quantities required, and it means that either the production of these things has to be organised or that the order has to be refused. In peace time if the Stores Department were to get an order of that kind all that they would say, and rightly, "We do not do this; go elsewhere". No doubt if inquiries of that kind were continually being made, industrialists would take up the matter and eventually meet the demand. But in war time we cannot do that. We have to devise means of getting these things done at once, and the greater part of our purchases are things of which the supply has first of all to be organised, and very often new industries or new adaptations of industries have to be brought into existence.

I will, Sir, at the risk of wearying the House, just mention a few of the larger items. There is the question of cotton canvas. Very small quantities of cotton canvas were being made in this country, but with the shortage of flax due to the position with regard to Russia, the British Government has had to fall back very extensively on the use of substitutes. The Supply Department—and I should like it to be understood that whenever I mention the Supply Department in this connection I mean the Supply Department and the representatives of Indian industry whom we have brought into consultation, because the great burden of the work has in some cases fallen upon them—the Supply Department got a sample made and sent it home by air mail. As a result of that, orders up to Rs. 46 lakhs for this material have been received already, a material which was only made in very small quantities before, and of which large scale production had to be planned before the order could be undertaken.

Another thing is an entirely new fabric which the combined enterprise of the Master General of the Ordnance Branch, the Supply Department and the trade have evolved out of jute and cotton, which is called Union fabric. You will see that two of India's major industries are involved in this enterprise and it has enabled them to strike out a line which is capable of very

large development. We have sent samples home by air mail. Large scale tests are now going on which we are confident this material will satisfactorily stand, and, subject to those tests, we expect to get orders for three-fourths of a crore of rupees almost immediately.

Then there is the matter of Boots, with regard to which we have had prolonged negotiations with His Majesty's Government. As a result we have recently received an order for no less than a million pairs of army boots, of which the cost will be in the neighbourhood of one crore of rupees. Now, to make the acceptance of an order on this scale at all possible has meant the close co-operation of the Supply Department through their advisers not only with the boot-making business but with the leather industry in general. That has taken us very far afield. We have found that the supply of certain chemicals could not be relied on. We have taken up the organisation of the supply of those chemicals and hope to have those made in India too. In an army boot there is a great deal of stuff which is not leather. There are as many as thirty different things, none of which were made in this country. We are taking up the making of those things in this country. I think within a short time we shall have 80 to 90 per cent. of those articles made in this country.

We received early in the war an enquiry for another cotton textile material which we found was not made in this country. The mills were asked to make the nearest sample they could; we sent it home by air mail, and we immediately got an order for two million yards. The material has made good, and up to now orders amounting to 10 million yards or Rs. 24 lakhs have been received.

For blankets we have had orders coming up to Rs. 90 lakhs and about half of these contracts have already been placed. In order to get the balance a conference of the hand-loom industry was held. We have earmarked a large proportion of this order for the hand-loom industry, and are at present at work on a modification of the specification for these blankets which will be adapted to the needs of the hand-loom industry.

Again, our investigations into India's requirements of copper revealed at once a very grave shortage. The Indian Copper Corporation is the only Indian firm refining copper from indigenous ore and although the Defence Department and other Government requirements could have been met from this it would have caused very great difficulty to the civil public, whose requirements could not have been held to be an absolute necessity or a war demand. We have come to an arrangement with the Indian Copper Corporation by which they have been enabled to import copper from Rhodesia, and this copper is being refined by the Indian Corporation. They are erecting special furnaces for the purpose and the firm will pay directly for the copper which it imports and will be permitted to charge Government such rates as are fixed by the Supply Department, the basis of the arrangement being that the firm will not be out of pocket but will supply at cost. Further, difficulties over zinc, because zinc was necessary for the Indian Copper Corporation before they could turn it into yellow metal. The Supply Department has helped them out of their difficulties and has now arranged to get imports of zinc from Australia.

I may mention one last instance. That is the case of a large amount of steel hutting to be made to a particular specification. The first thing done was to redesign the whole of the United Kingdom drawings and specifications in order to adapt them as far as possible to

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the use of Indian materials. Next the Department had to arrange the supply from the United Kingdom of certain articles which could not be made in this country, and then lastly to arrange the delivery as quickly as possible without interfering with deliveries of a large number of other urgent requirements placed by the Defence Department. That has meant a good deal of organisation, but I might say that it has resulted in orders to the amount of Rs. 40 lakhs. The steel huts when erected will cover a space of about 17 lakhs square feet.

Sir, I am afraid I have rather exceeded my time, but I want to make clear that I do not accept the charge of extravagance. I think that the Supply Department is being very economically administered, that it is doing a great deal of work for Indian industry; and it is under full financial control as I hope it always will be.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask one question of Mr. Dow, Sir? I understand that there are many rich deposits of copper in the Central Provinces. Has Government tried there?

THE HONOURABLE THE PRESIDENT: I can tell you that. There are no good deposits. I have myself burnt my fingers.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, I am sure we have all listened with very great interest to what the Honourable Mr. Dow has been telling us, and I think it is a matter of great importance that we should have information of this kind from time to time to guide us both in our thoughts and our criticisms.

Turning to the Budget, I think we must all be very conscious that we are among the comparatively fortunate members of humanity and perhaps even the Finance Member will agree that he is a fortunate Finance Member. Despite the ups and downs of a year, including seven months of war, he anticipates a favourable balance and there are not many countries in the world that can do that. There is one point that he draws attention to which I would like to emphasise. Our position would be very much worse and a very different one if it were not for the protection afforded by the British Navy. There are two forms of danger about expenditure to my mind. While I am all against wasteful expenditure—and I have no doubt that the Honourable the Finance Member is too—there is the danger of not incurring expenditure which ought to be incurred and I hope he will keep his eye in that direction also. I would like to congratulate Government on the improved administration and the results of it on the income-tax receipts. I think probably some Honourable Members who were critical of the appointment of a certain gentleman some few years ago will now agree that it was a very wise step. I do not know whether I am right in reading into the Honourable Finance Member's speech a feeling that the present Railway Convention is not altogether satisfactory. I personally have never been very happy about it and I hope the occasion will arise later on when he will be able to consider amending it. Coming to the Posts and Telegraphs Department, we see that as in the case of the Railways their revenues have increased partly as a result of war conditions under which we have been living. There again we have had good fortune arising out of other people's bad fortune. As to defence expenditure—it is perhaps a repetition of what I said earlier—it is extremely difficult for any body to estimate but I cannot help feeling that we shall be extremely lucky if we can wisely keep within the amounts set out in this Budget. My view is that we ought to congratulate ourselves and the Honourable the

Finance Member on the basis he has arranged with His Majesty's Government. If Britain's front is on the Rhine, so I think is India's.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Is that Indian opinion also?

THE HONOURABLE MR. R. H. PARKER: I think it is. It is the opinion of all intelligent people. Then there is the reference in the Honourable Member's speech to going back to providing larger sums in regard to maintenance of civil works. That is most important and I hope that some Provincial Governments will take his words to heart in connection with roads. For years they have been spending so little that in the future they are bound to be faced with large and unnecessary expenditure. Worse roads and less money. On the Excess Profits Tax, I suppose we shall be talking at a later stage in the session, but I do think that we must all really agree, whether it affects us personally or whether it does not, that the claims of the present properly fall first upon those who are benefiting directly or indirectly and then upon those who perhaps happen by some accident to be better off than they were in recent past times, and finally one has to look to other sources. But the most important thing, so far as this tax is concerned, is to get a fair comparison, so that you may compare like with like, and the Honourable the Finance Member has, I am sure, done his best in that direction. As to the new taxes, the duties on sugar and petrol, I do not think the sugar trade likes the sugar duty and the petrol trade does not like the petrol tax. I do not like them but I cannot think of better alternatives. Actually I am not sure that, if I were the Finance Member in a totalitarian India, I would have chosen exactly these taxes, but we are not in a totalitarian country, and, if I may say so, I think the Finance Member has shown both political as well as financial wisdom.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal: Non-Muhammadan): Sir, when I rise to take part in the discussion on the General Budget, I cannot ignore the difficult position which the Honourable the Finance Member has had to face in the preparation of his first Budget in consequence of the outbreak of the war. But while realising the compulsions which the requirements of war apply, we have also to bear in mind the condition of India, its infant industries and the average paltry income of its masses. My intention, Sir, is to be as brief as possible, and only to deal with the question of direct taxation and the Excess Profits Tax Bill which is to emanate in its acceptable or unacceptable form today from the Select Committee.

The taxpayers and industrialists, Sir, are called upon to fill up a "created" or "war measure" gap of Rs. 625 lakhs. The rough receipts from the Excess Profits Tax has been calculated at Rs. 300 lakhs only, and the balance of Rs. 325 lakhs is to be made up from increased excise duty on sugar and petrol. The levy of the Excess Profits Tax is not free from controversy. If the assessment of this tax is to be confined to "war profits", I do not think the persons or companies who are being benefited or are to be benefited by such war orders ought to grudge it. But if it is to bring under its clutches excess profits, which it is sure to do, I have every reason to believe that some of the companies will be hard hit. Sir, it is quite equitable to ask persons who have been vastly benefited by war orders to contribute a fair proportion of their profits to the coffers of the State for the common good. But, for those who after

[Kumar Nripendra Narayan Sinha.]

continuous losses hoped to resuscitate themselves in a year of demand and consequent profit, any taxation on the ground of excess profits will be a great hardship. There is another point to which I would like to refer in connection with the Excess Profits Tax. In my opinion, the estimate of Rs. 300 lakhs as the income from the Excess Profits Tax is a grossly low figure, an unjustified error on the side of discretion.

Sir, I now come to the excise duty on sugar. This duty has been raised from Rs. 2 to Rs. 3 per cwt. Sir, this is the only Indian industry which hoped to prosper and to have held the agriculturists largely in bringing ready and prompt money. This industry has gone a great way towards improving the economic condition of the rural population. The continuous rise in excise duty, which I have been noticing, will have the effect of closing down several of the factories which cannot raise their capital. The minimum price of sugarcane is fixed in the United Provinces and Bihar, the two big cane-producing provinces, and with the rise in duty, I am afraid the factories may not find it profitable to pay any higher price to the agriculturists. My information is that the price of cane in the United Provinces and Bihar has already fallen from 9 annas 9 pies to 9 annas per maund. There is apprehension of a further sharp fall in the price of cane in the near future. This will certainly hit the agriculturists rather hard.

Sir, it is also not true to say that factory-refined sugar is mainly consumed by the middle and upper classes of the population. Such a conjecture is based on ignorance of real Indian life. Sir, we who live among the people know what little partiality is shown to Khandsari or Palmyra sugar by the poorer classes of consumers. After the prohibitions in the various provinces and with the propaganda of the Tea Cess Committee, the use of tea as a beverage has abnormally increased among the poorer classes, and I am fully aware of the fact that not a single tea-drinker can taste a cup of tea with gur or Khandsari sugar. It is, therefore, not correct to say that this rise in excise duty on white sugar will not affect the poorer classes.

Sir, I now come to the levy of additional duty on petrol. This tax, I agree, is one which does not very much affect the poorer classes, and is the inevitable result of the rise in railway rates and fares. I do not therefore wish to criticise it. It was necessary in the interests of the road-rail competition.

In conclusion, Sir, let me end by hoping that all the Rs. 625 lakhs will be spent for Indian interests alone. I wish a large part of it will be spent in training Indians for defence purposes, specially in view of the declaration of His Majesty's Government with regard to giving India Dominion status of the right type.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar: Non-Muhammadan): Mr. President, nobody can deny that the task that the Honourable the Finance Member had to face in framing the Budget for the coming year was a difficult one. Within the conventional framework of anticipated receipts and probable expenditure, the work seems to have been excellently done, except in the case of some incomes which may reasonably be expected to be exceeded. There has, in my opinion, been an over emphasis on conservative estimates, the ultimate danger of which lies in restricting the growth of industry and the process of strengthening our national economy to the same extent as a raw material producing country should expect and does require in the boom years of war. Neither is it right to think that

only the Government and their Railways must have something to put away for the lean days to come. The industries and the agriculture of the country must also be revitalised. The industrialist and agriculturist in India have during the past ten years been living on their own poor fat and just when their chance has come after long waiting, it is not fair to enunciate a different economic philosophy in their case than that found suitable for Government and Railway finance.

Looking at the Budget broadly, we find that the Finance Member was faced with the task of covering an estimated deficit of Rs. 7 crores and 16 lakhs in 1940-41. Rs. 3 crores he expects will come from the tax on excess profits. A surplus of Rs. 91 lakhs will be carried forward from the current financial year and the balance will be made up by increasing the sugar excise from Rs. 2 to Rs. 3 per cwt. and by raising the petrol tax from 10 annas to 12 annas per gallon. With the revenue thus brought up to Rs. 92 crores and 64 lakhs, and the expenditure estimated at Rs. 92 crores and 59 lakhs, there will be a surplus of Rs. 5 lakhs. Without any further going into the labyrinth of figures, I would like to mention one most essential fact straightaway and that is that the acid test that India is now going to apply to the Budget or any other document of some significance is not so much the weight of additional burdens that are sought to be imposed as the political outlook or standpoint from which they are made. Our attitude towards the Budget will be determined by what may have been done to improve the status of the Indian in his own country. The Budget that has been presented to us is essentially a war budget—a war in which India has been made a belligerent not by consent but as a matter of course. The fight you say is a fight for the democracies. Well, here we are who still want a democracy to fight for. By implementing your pledges you can even now take the wind out of the sail of the Indian agitator, the best of whom prize the British connection, and want you to give India the status of other Dominions. I have not the least doubt in my mind that even Congress India would have fought this war to the last man had her status been recognised and her consent taken. Even as things stand today there would have been some consolation for us if this, the first war budget, could show some change of policy, some change of perspective. The Indian has been left as much an alien to the defence of his country as before. The British Army of occupation stands and the British Command stands immaculately unaltered. The insult to Indian manhood continues. A budget like this fails to inspire the Indian to enthusiastic co-operation. Trust begets trust and if the process of Indianization and nationalization of the army continues to be actuated by distrust, the proper psycho-logical atmosphere necessary in a situation like this cannot be created. This was clearly a golden opportunity to effect a change of policy which would have indicated that England was really willing to part with real power and to make the Indian responsible for the defence of his own country.

Sir, I would not, until the Finance Bill comes to us, go into the merits of the new taxation proposals. I would, however, make a few general remarks regarding the raising of the excise tax on sugar. It is very essential in this connection that there should be more co-ordination than there exists today between the provinces and the Centre. Talking of my own province, Sir, while the Central Government taxes sugar, the Provincial Government taxes sugar cane. It should be the greatest concern of all of us to see that by hitting this industry from all sides, we do not kill the goose that lays the golden egg. The sugar industry is, of course, a protected industry, but it is not protected to such an extent as to bear renewed and added burdens, both Provincial and Central. Similarly, on petrol, we have the Central excise

[Rai Bahadur Sri Narain Mahtha.]

and also a provincial tax. These added costs to transport and traffic impede the development of trade and make the poor man's movements difficult.

Referring to the speech just made by the Honourable Mr. Dow, although some individual cases have just been explained by him, the general criticism about high salaries generally stands. The Honourable Mr. Dow has compared the high salaries in his Department with higher salaries in other Departments and has consoled us that his Department is not an extraordinary sinner. India, Sir, is one of the poorest countries in the world and the salaries are the highest here. The tragedy of the situation is that the fattest salaries go to foreigners who carry their savings away.

The criticisms that we offer against the Budget are more or less the same every year, but they have to be so because they fall on deaf ears. If ever there was a real cry in the wilderness, it is that of the Indian Legislatures who cry themselves hoarse year after year and still find that the irresponsible Government of this country remains as irresponsible as ever and as dictatorial as ever.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Sir, I will begin my speech with an expression of high appreciation of the manner in which the Honourable the Finance Member has managed to provide for the requirements of the Government of India during the coming financial year. This is the first budget of the present Finance Member. He is certainly entitled to our fullest sympathy for the fact that within a few months of his assumption of charge of his high office he was called upon to finance the activities of the Government in connection with an upheaval the end of which no man can foresee. The budget proposals which he has presented to the House show conclusively that he has sought to provide for the co-operation of India with the Empire at this juncture on lines which would commend themselves to all sensible and right-thinking people. No one will be surprised that India is faced with a deficit in the coming year. Thanks to the financial policy which Government has pursued during the past few years the deficit is not as large as it might otherwise have been. The scheme which the Finance Member has formulated for meeting the deficit is one which should appeal to those of us who are anxious that the poorer classes of the people should be spared from the incidence of fresh taxation. This result has been achieved with complete success. The new proposals involve no fresh burden of taxation on the poorer classes nor on zemindars. We are to have a tax on excess profits, a rise in the duty on refined sugar and in the duty on petrol. These do not hit the poorer classes and affect such classes as can easily bear the strain. The Finance Member has far-sightedly pointed out that although at present he has not imposed fresh taxation on the general taxpayer, circumstances may arise which may necessitate his doing so. I feel sure that this observation of the Finance Member was merely in the nature of a sagacious warning and that unless his hands are absolutely forced he will do his best to keep the general taxpayer immune from fresh and extra burdens. Someone has already spoken in another place about war babies and war budgets. Many of us feared what I may call a triplet budget but we find ourselves the surprised fathers of twins represented by normal and abnormal expenditure and none of us is unduly alarmed about our capacity to nurse them. This Budget is a war baby—and a legitimate one—and its mother is Necessity, the mother of all invention. We appreciate, Mr. President, the extremely able manner in which our finances have been managed in this exceedingly difficult first year of war. It is true

that we are faced with additional taxation, and the framers of the Budget have therefore been criticised, but let us be honest with ourselves and with Government and say that we have got off much lighter than the great majority of us expected. That does not mean, Sir, that, as a nominated Member, I am prepared to give Government a blank cheque to meet all the expenses of war. Far from it. We must keep the closest watch on expenditure for it can only be through the control of expenditure that we can exercise indirectly some degree of control on the taxation policy of Government. I am glad therefore to read this morning of Government's decision to set up a committee to assist them in the control of expenditure. That, Sir, will give widespread satisfaction and will I hope be recognised as proof of Government's desire to take the country into their fullest confidence on the many problems linked up with the prosecution of the war.

Sir, we must not forget the fact that the Empire is engaged in a deadly struggle. Idealists might harp on their pet theory of non-violence and under a self-delusion that India has no enemies but we all know and realise that India is in as much danger as any other part of the Empire. If the Empire loses this war, which God forbid, all talk of Independence of India and Constituent Assembly will have to go and have to start from A, B, C, again. Therefore, I have no doubt that this House will strongly and unreservedly endorse the provision for defence and will even press for a more ample provision which would ensure India's complete security and a worthy and honourable discharge of her Imperial obligations.

I would refer on this occasion to the sad plight of zemindars all over the country. They are receiving a step-motherly treatment everywhere. They must discharge their obligations to Government, but their own position *vis-a-vis* their tenants is being steadily impaired. The landlords are at the mercy of their tenants. Their dues remain unpaid. Defiance goes unpunished. In fact the zemindars are reduced to the position of unwanted orphans. And yet at a time like this if their hold on their tenants was strong and their due authority was fully maintained they would be an invaluable asset to Government and the country at large. I would beg the Government to give this matter very serious consideration.

One word more and I have done. The principle of price control has been accepted by Government. I would urge that this should be extended to small bazaar businesses too. It is in the bazaars that extortionate prices are charged.

I am sure that if in these matters which may seem small and insignificant, Government extends its protection to the masses, Government's action will be widely appreciated.

Before I resume my seat I wish to offer my hearty congratulations to the Finance Member on producing what I call a poor man's budget, and I give it my warmest support.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official): Sir, so many points have been covered by the previous speakers that I do not wish to go over them again. I will join issue with the Honourable Finance Member on the point that he seems to care more for posterity than for the present generation. Sir, it may not be an accepted principle of economics to charge posterity with the cost of war in our day, but the question is whether the present generation can bear all this expenditure, whether it be Rs. 8 crores or Rs. 80 crores? I think if the Finance Member would raise a loan for the amount and charge it to posterity the loan could be liquidated in the course

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[Sir David Devadoss.]

of a number of years. Instead of that he wants us to meet the whole cost now year by year. That amounts to what in a Tamil proverb is called "Drawing milk by cutting the udder!"

THE HONOURABLE SIR JEREMY RAISMAN: You would kill the cow?

THE HONOURABLE SIR DAVID DEVADOSS: That is the meaning, Sir. Sir, the purchasing power of the people is very low now owing to the long-drawn depression of about 10 years, and if you now add to their burdens I am afraid it will be a case of the last straw on the camel's back. Now he will say that what he is doing is the proper thing according to accepted canons; but I think even canons can be changed according to circumstances. That has been recently said even by Mr. Winston Churchill with regard to very important matters.

Then, Sir, I am going to say something very unusual, and I shall perhaps be told not to refer to it. I would submit, Sir, that India is one whole. Why should not the Government try by some means or other to make the States bear a portion of the war expenditure? I am quite aware of the so-called treaties and so on. They are said to be sacrosanct. But the conditions are very extraordinary. When those treaties were entered into no one dreamt of a Hitler and they did not dream of the German aggression of modern times. Therefore we must take the present state of things into consideration. Suppose the British Government is not able to meet all the cost of this war, where will the States be? It is the British armies which protect the States now. How is the security of the States secured? By British arms. And how are the British arms maintained? By the British and Indian Governments. (*An Honourable Member*: "Under what constitution should they be made liable?") Constitutions can be changed. The Government of India Act has been changed. I do not mean to say that they should be forced to comply or that we should revert to the policies of Lord Dalhousie. I say by some means come to some arrangement with the States by which they may share the burden. We know that some of the States are spending money in all sorts of ways on luxuries. All the money collected by way of revenue in the States does not go to the benefit of the people of the States. So why should not we propose to the States that a certain portion of the extraordinary expenditure which we are incurring should be borne by them? The necessity arises out of the very extraordinary circumstances of this war. We never dreamt in 1918 that there would be another war so soon like this. The present war is something very very different from what took place years ago. We are really fighting for our very existence. The existence of the British Empire means the existence of India. We all fully realize that. Therefore we are anxious that the Allies should succeed, and for that purpose I think all of us ought to contribute. And why should not the States also contribute? It is all very well to say, "You have no power". (*An Honourable Member*: "But the bigger States have contributed most handsomely.") Well, Sir, I know some of the so-called State forces. I can give you an instance. In a certain place there was a little rioting and the State army was called on to quell the riot. Well, it arrived on the scene but when the need arose it was found that the guns would not fire, and after a time the army ran away. You may believe me or not but that is a fact, though I will not mention the name of the State. That is the sort of army that is being maintained in most of the States. I do not mean that that is the case in all States. That would be very improper for me. There are some excellent States and excellent State

forces, gallant and courageous, which would compare very favourably with any portion of the British Army. But those are the exceptions. But what I say is that in view of the very extraordinary circumstances under which we are at war and in view of the vital issues involved, the Government of India should try to come to some arrangement with the Indian States by which they will bear a portion of this extraordinary expenditure.

With these few remarks, Sir, I have much pleasure in congratulating the Honourable Finance Member and Finance Secretary upon the very excellent way in which they have presented their Budget.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-Official): Sir, I shall be very brief and under the circumstances the Honourable the Finance Member and the Honourable the Finance Secretary can easily understand why I shall omit the congratulatory part of my speech. I shall refer to three points and I would have been satisfied with referring to these three only if Sir David Devadoss had not intervened with his, as he said, revolutionary idea. I think you were perfectly correct, Sir, if I may say so without impropriety, in calling attention to the fact that there is something like sanctity of treaties. Anyhow I will not try to dilate upon the thesis which Sir David has started. I shall only say this, that I do not think that Sir David himself believes that he has expressed all that has to be said on the subject.

I shall now come to the three points which I propose to touch upon. In endeavouring to understand and appreciate the Budget, I have generally felt a two-fold difficulty and though I have not up to this time given expression to that difficulty I think it opportune to ventilate that difficulty a little today, because we have a new Finance Member and a new Finance Secretary and it is possible that they might give some consideration to this matter. I find there are various technical matters in the Budget and the arrangement of some parts of the Budget is, to say the least, extremely complicated. To a layman like myself, who is not conversant with accounts or with revenue matters, it would be a very great help indeed if the Finance Department could amplify the very excellent Explanatory Memorandum, which they are already supplying and for which I along with other Members am extremely grateful, if they could amplify this Memorandum and introduce into it a very elementary prefatory chapter. I do not expect anything like a college treatise. All that I am asking for is something like a short A. B. C. or an intelligent man's guide to the Central Indian Budget. It should not take more than half a dozen pages and I hope it is not asking too much of the Finance Department to see if it can provide such an explanatory chapter. I shall not pay a doubtful tribute to my Honourable colleagues by saying that my difficulty is generally shared by them, but the remarks which fell from my Honourable friend on my right encourages the belief that my difficulty is not peculiar to myself. In any case, I am sure of this; unless some such introductory statement is given to us by the Honourable the Finance Member or his Department, the Honourable Mr. Hossain Imam himself will have to supply a memorandum if he expects us to follow his expert speeches!

The other part of my difficulty arises from a different source. We have no means of knowing what precisely takes place in the various Departments of the Government of India, in Departments which are concerned with nation-building work. For example, I would like to know what the Imperial Council of Agricultural Research has done during the current year and what are the principal proposals for which budget provision is made for the next year. I would like to know something about the Department of Archaeology; I would like to know something about the Department of Education. I am not

[Sir Ramunni Menon.]

by any means suggesting anything like a report on the activities of these Departments. All that I am suggesting is the provision of very short paragraphs giving brief summaries of the main activities during the current year of these Departments and an outline of the chief proposals on which money is to be spent during the coming year. Recently I saw a leading article in one of the daily papers about the reconstruction of the Delhi University and I am very glad to find that provision is being made for this purpose in the Budget for the next year. This is a matter on which Members of the Legislature would have expected and would certainly have been helped by the circulation of a memorandum; and I have ascertained that a memorandum does exist on the subject and a Government Order also. I wonder why these were not issued to the Members of the Central Legislature. Similarly there is a very valuable report by Sir Leonard Woolley on the Archaeological Survey. One would have expected that the Members of the Central Legislature would be credited with some interest in matters of this kind and that the Government would have been only too glad to circulate the report. I am not aware that that report has been circulated. If the difficulties to which I have referred can be removed I am sure we shall be in a better position to understand and appreciate the Budget. I hope I am not asking for too much. If the Honourable the Finance Member feels that in this war time he cannot be asked to undertake such work, I can only plead that my suggestion really amounts to a sort of minor war operation, an operation against ignorance, and in undertaking it he will be really helping in the successful prosecution of the war.

The second point that I wish to touch upon is this. The Honourable Rai Bahadur Lala Ram Saran Das referred to the excellent work of the Department of Posts and Telegraphs. I join with him in paying a tribute to that Department which it so richly deserves. The Department is now in a comparatively prosperous state and it seems to me that this is an occasion when one can ask for a small favour. The Grand Trunk Express has recently come into some prominence in the Central Legislature. I have not taken any part in that debate and therefore I think I am entitled to put in a small complaint, not about the Grand Trunk Express as such, but about one of the results of its unpunctual arrival—I presume it is due to that—one of the results of the unpunctual—

THE HONOURABLE THE PRESIDENT: That train has been sufficiently condemned.

THE HONOURABLE SIR RAMUNNI MENON: I am not condemning the train at all, Sir. I am only referring to one of the results of the unpunctual arrival of the Grand Trunk Express. I do not know what the hours of postal delivery are in Delhi; but we people from the South find that our home letters do not reach us on any day till after 1 p.m., sometimes till very late in the afternoon and occasionally till the next morning. If that is considered a satisfactory postal arrangement, I can only pity the Delhi Province. Some years ago we had a system of hourly deliveries in Madras. I am not suggesting anything so advanced or expensive as that for the capital city of Delhi; but surely there ought to be some elastic postal arrangement which will permit of the prompt delivery of mails which are accidentally delayed by the unpunctual arrival of trains. I am not claiming any special privilege for the Grand Trunk Express or for the Madras people who live in Delhi or who come here for temporary business. I would ask for the same sort of concession in regard to all mail trains which happen to arrive late. There should be a sufficiently

elastic system which would permit the delivery of the mails without undue delay at their proper destination.

Now, I should like to come to the third point which I wish to bring to the notice of the Council. As I have already said, I am very gratified to find that provision is included in the next year's Budget for a grant for the reconstruction of the Delhi University and, as far as the amount of the provision included and the purpose to which that amount is to be devoted are concerned, I have no criticism to offer. But the proposal for the reconstruction of the Delhi University is something much larger than the provision of a University for Delhi. In so far as the provision of a well-equipped and adequate University for Delhi is concerned, I shall not raise any objection and I do not think anybody will raise any objection. But the proposal contained in the Vice-Chancellor's memorandum on the Delhi University goes far beyond this. It advocates the establishment of an All-India University drawing students from all over India, which will serve as the main cultural link between India and the outside world and in relation to which the existing universities in India will sink into the status of merely provincial universities. Now, we have here surely a proposal on which the Provincial Governments and the provincial universities will have something to say. I am not aware if the Government of India have consulted the provinces or the provincial universities. If they have, it will be extremely interesting to know what their reaction to the proposal is. But apart from that aspect of the matter, the proposal contained in the memorandum will be a very expensive one, far more expensive than the figures which are given in the memorandum would lead one to imagine. I can make that affirmation with some knowledge of a University which in its standards, in its equipment and in its general tone, can challenge comparison with any other University in India. I do not know what the Government of India, in accepting the principle embodied in the proposal, have really accepted. If they have accepted the outline scheme as adumbrated in the memorandum, it is difficult to believe that they have done so with a full realisation of the cost which the scheme will involve or a knowledge of the reactions which the proposal will evoke from the Provincial Governments and the provincial universities. As I have already said, I am not at all objecting to the actual amount proposed in the next year's Budget or a scheme for a suitable university for Delhi.

Well, Sir, I have dealt with the three subjects which I intended to deal with and it only remains for me to say in conclusion that the new taxation proposals included in the next year's Budget, which have been criticised from several quarters and from different points of view, are to my mind very fair and equitable and I have no hesitation in giving my most cordial support to them.

THE HONOURABLE MR. ABDUL RAZAK HAJEE ABDUL SATTAR (West Bengal : Muhammadan): Mr. President, I would, at the outset of my speech, offer my congratulations to the Honourable the Finance Member and the Honourable the Finance Secretary for the very clear statements they have made regarding the financial position of the country. Again, Sir, the Honourable the Finance Member and the Honourable the Finance Secretary would have received much warmer and general congratulations if only the Budget, which would in normal circumstances have been a surplus budget, had not been turned into a deficit budget by the outbreak of the war.

[Mr. Abdul Razak Hajee Abdul Sattar.]

Knowing as we do that this is a war budget, we do not find fault with it for being a deficit budget, but our complaint is in respect of the measures proposed to meet this deficit. In the first instance, I will deal with the two articles on which duty has been increased. I may say at once, Sir, that sugar and petrol are among those articles which should never have been subjected to bear the increased burden.

Sugar cannot be supposed to be a luxury, it is not used only by the well-to-do, it is one of the necessities of life even to the poorest man in the country. The price of sugar is already high enough and this additional burden is sure to raise the price much higher. The sugar industry is already in difficulties and this higher duty will bring it to the verge of utter ruin.

Again the higher duty on petrol will have a very harmful effect on the road transport. This is the form of transport which has become very popular with the villagers. Now these poor people will have to pay much more for this transport. As the railway fares have also been increased, the poor people will be put to great difficulty in this respect also. Sir, how the higher duty on petrol will affect road transport is already clear from the manner in which this duty has begun to work. While the duty has been raised by two annas, the company has raised the price of petrol by two and a half annas. Therefore I wish, Sir, that the Honourable the Finance Member had selected some other things rather than sugar and petrol for higher duty.

Again, Sir, there would have been no necessity for this increased duty at all if only the income from the Excess Profits Tax now proposed had been somewhat more properly estimated. The Honourable the Finance Member has been very conservative in calculating the income from this source. The experience gained by the working of this taxation measure in the last war goes to show that the yield from this tax will be very much larger than supposed by the Honourable the Finance Member.

Before I sit down, I feel that I should make it clear that, for the safety that India enjoys and knowing that the struggle in which the Allies are now engaged is a struggle of which India cannot be an unconcerned spectator since India's interests are also involved, India must in justice shoulder the burden; but that burden should be in proportion to India's capacity and the ways and methods adopted to meet the demand should be such as will not tend to discourage her industries or impose undue burdens on the poor man.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I am speaking at a late hour and I shall try to be as brief as possible. No country, belligerent or neutral, can escape the difficulties of the tragic conflict in which great European powers find themselves involved, and even if India had been an entirely independent nation, it would have been impossible to refuse to face the problems which a major war creates for all, belligerent and neutral, in a world which despite all national and international rivalries is becoming increasingly conscious of its essential unity. But there is this difference between a free country and a country in the position of India. An autonomous community which values its freedom regards defence as its most vital concern and there is, therefore, readiness on the part of the community to undergo sacrifices cheerfully for the defence of the principles and possessions it values. Here, unfortunately, owing to our political relationship with Great Britain, an objective approach to the problem of defence is not possible, and our Government, which has never been noted for imagination, has never made

the Indian feel that defence is his most vital concern, and that by strengthening his defences, he is not adding vitality to the Imperialistic structure but merely ensuring his own safety and the safety of all that is near and dear to him, and all that he values in life. I make this observation because, as the House knows, the burdens which the proposals embodied in the Budget seek to increase are due to a war in which India finds herself involved as a dependency and not as a free and equal partner of the British Commonwealth of Nations. It is not possible for any one to be neutral in thought—and I know India is not neutral in thought. She is active in her sympathies with the democracies. But tragic mistakes made in the past and continued even today have made her sullen with the result that criticisms made here and elsewhere on this or that proposal in the Budget are influenced by considerations which, I shall admit frankly, are political in their complexion. For, in a psychotric world, with aggressive Imperialisms which seek to dominate the weaker races of mankind, with a country which has betrayed her leftist ideals to the sorrow and disappointment of all those who had looked upon it as a laboratory where new experiments were being tried, who with a sense of realism can deny the need of strengthening our defences and of the importance of defeating, for the future of the human race, the dark forces of totalitarianism and all that they stand for? I say this because, on the merits, I am convinced that the problem of our defence needs to be approached from a fresh and more realistic standpoint. (*An Honourable Member* : "From both the sides.") Yes, from both the sides. I note however in the proposals no departure from orthodox principles, no indication that increased defence expenditure would result in greater participation of the people as a people in the actual defence of the country or greater self-sufficiency in the matter of defence requirements. For me, Sir, the overshadowing question is not that of ways and means of financing the defence programme. Without committing myself to the precise details of the various proposals that have been put forward in regard to ways and means by the Honourable Sir Jeremy Raisman, I may say that I am inclined to agree with him and not his critics in the view that the burden of defence expenditure should be thrown primarily upon the present generation, upon the generation which is responsible for this conflagration, upon the men who will profit out of this conflagration. For us, the overwhelming question is whether this defence expenditure and the proceeds of the defence expenditure will return to India in diverse ways as in Great Britain or will constitute an additional drain upon the resources of the country. The relevant question, therefore, I wish to ask Sir Jeremy Raisman is—I should have asked this relevant question of His Excellency the Commander-in-Chief, but His Excellency, Sir, we know, is perpetually absent from this House—what steps are you going to take to nationalize our forces? What steps are you going to take to Indianize the officer ranks of our army? What steps are you going to take to make India self-sufficient in the matter of defence? What steps are you going to take to put war industries on a sound and self-sufficient basis? These would be the deciding factors with me in deciding whether I should vote for the proposals as they are or whether I should not vote for the proposals as they are. The question of the merits of this or that particular proposal embodied in the Budget is of a secondary importance. The overshadowing question is the question of the attitude of the British Government towards the question of the nationalization of defence.

Sir, we are in the first year of the war, and we find that even in the first year, Rs. 716 lakhs are to be further extracted from the taxpayer. These revenue estimates include the railway contribution and a surplus of Rs. 91 lakhs carried over from last year. The defence expenditure in the end will

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mean an increase of Rs. 839 lakhs. It has been decreed—and that is the real grievance for we do not vote defence expenditure ; the grievance is that it has been decreed—by an Imperial fiat that India shall share with Britain her external defence. And that takes me on to a consideration of the main recommendation of the Chatfield Committee's Report. Sir, the Chatfield Committee say that the frontiers of India are Singapore, Aden, Egypt, and Suez ; and since troops have been sent to Palestine, so I suppose Palestine is also one of the frontiers of India. Now, supposing India were an entirely independent country and she had no hold over the Suez or Aden or Singapore. Would her defences have been the Suez or Singapore or Aden ? The defences of Australia, New Zealand, Malay, Fiji, and all the other Islands of Britain in the Pacific are in the Suez, are in Singapore. Are they also being made to contribute towards their external defence ? And if you are going to make India contribute towards external defence, if you are going to make distinction between external security troops and internal security troops, then whatever paper declaration you might make, whatever you might say your objective is—you say your objective is Dominion status of the Westminster type—you rule it out. Because if England is to be jointly responsible with India for the external defence of India, then the position of the Governor General in a future Indian Dominion will never correspond with the position of the Governor General in a Dominion like Canada or South Africa or New Zealand. The future development, therefore, that you foresee is some sort of dyarchy at the Centre and not the final and real Dominion status which the Dominions have. That, I think, Sir, is the basic constitutional objection to the Chatfield Committee's Report, and I should like to know whether the arrangement come to is only of a transitory nature or is of a permanent and final character.

Then there is that lump sum of one crore which has been given towards the extra cost of maintaining India's external defence forces. Before the Chatfield Committee's Report, whenever troops used to go out of our country—and we do not want our troops to go out without our consultation, if not without our assent—the cost used to be borne by the British exchequer. And now we find that we have to pay in the very first year of the war this one crore, and we find that India's frontiers have been extended too without any reference to and without any consultation with the Indian Legislature. You have extended India's frontiers ; you are responsible for the defence of the Empire ; you must bear the burden of defending this Empire yourself. If you think that you must share the burden of our defence with us, then why not share the burden of defending our frontier also ? Why cast the responsibility for defending our frontiers upon ourselves ? I mean, why not share the expenses of the Waziristan expedition or the expenses of any conflict we might find ourselves engaged in with Afghanistan ? You cannot have it both ways. If there is to be joint responsibility it will have to be joint responsibility both ways. You will have to be jointly responsible with us for our immediate frontiers if we are to be jointly responsible with you for our ultimate frontiers.

I should like also to say a few words about the concrete proposals which Sir Jeremy Raisman has put forward. As I have said, I am not opposed in principle to the Budget being financed by taxation. I may say that personally I prefer direct taxation to indirect taxation, and if Sir Jeremy Raisman had gone whole-heartedly for direct taxation probably my point of view would not have been the same as the point of view of some other members of the Party to which I have the honour to belong. So far as the Excess Profits Tax is concerned I may say that I find the principle of the tax open to no objection what

ever. The details, however, are not before us and I must reserve liberty of judgment so far as the details are concerned. They will have to be gone into carefully when the Finance Bill comes for consideration before the House.

The second proposal that he has made is that there should be an increase of duty on sugar by Re. 1 per cwt. Now I confess that I do view this proposal rather critically. I am not certain whether the effect of this enhanced duty will not be to lower the price which the agriculturist is getting for his sugarcane. Already in my province the price of sugarcane has gone down from 9 annas 9 pies to 9 annas. I am not looking at the question from the point of view of the big sugar industrialists. They may have done a great deal of good to the country. I think they have. But I am looking at it from the point of view of the cultivator, and I am afraid that the cultivator will be hit by this increase in the excise duty on sugar, and on the material before me I am not prepared to say that I can support this particular part of the Budget.

Then I come to the other proposal which Sir Jeremy Raisman has made, that is that there should be an increase in the duty on petrol by 2 annas per gallon, from 10 annas to 12 annas. Of course, we have our railway revenues to safeguard, but here again I must look at the question from the point of view of the poor man. We know what the state of communications in this country is, and we know, despite what the railway authorities might say, that third class passengers do not get the amenities and facilities they are entitled to, and the result of this duty will be to make the poor man pay more for his travel. He may not be able to indulge in the occasional joy rides he has from his village to the nearest town. It is not only the men who use motor cars, it is not only the few rich people who will be hit hard by this tax. It is also the small man who will be hit hard by this tax, and I am not convinced that this tax is in the interest of the poor cultivator. Of course you may ask me, " Well, you are not opposed to financing the Budget out of taxation, and there are two taxation measures which you condemn, how are you then going to balance the Budget ? " Well, that takes me to the bigger question as to whether there has been any under-estimation of revenues or not. Now at this late hour I think I should not be justified in going into figures and showing that more can be expected from the Excess Profits Tax than Rs. 3 crores. But there are just one or two observations that I should like to make. First of all, there must be more economy in Government departments. We had a most eloquent speech today from the Honourable Mr. Dow. It was an apologia for his Department ; he was trying to show that there has been no extravagance in his Department. I am sure that we profited greatly by that speech and we will read that speech after it has been printed with the respect which is due to Mr. Dow, but I would like to say this that there is need at this moment when you have got actual war going on of having a Retrenchment Committee and you must associate those who are at any rate prepared to co-operate with you in regard to these matters. I do not see any reason why in regard to the formulation of war policy Indian non-official opinion should be entirely ignored. I think one direction in which you can take non-official opinion with you is by having a Retrenchment Committee on which the elected element in the Legislature is strongly represented. It may then be possible for us to suggest ways and means of economy which have not struck you. I am sure that Mr. Parker with the knowledge and experience that he possesses might give points to our respected members of the Finance Department. I do not see any reason why you should not associate businessmen of experience like Lala Ram Saran Das, Mr. Parker and Mr. Hossain Imam with a committee of this nature. Then, the second direction I think in which economy is possible is salaries. You must take steps immediately and now to stop further recruitment in England. Put the salaries of the Imperial Service officers, new

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entrants on an Indian basis, make drastic reductions in the salaries that you are going to give to people in the future, and also as an emergency measure, as a measure calling for sacrifice on the part of people who have got everything to lose if this war is lost, ask them to contribute something towards this war by foregoing a part of their salary. In other words, have a 10 per cent. cut, 15 per cent. cut, a 20 per cent. or a 25 per cent. cut. I do not mind what the cut is. Try and first see whether you cannot balance your Budget by adopting some such policy and then when you have failed to balance your Budget by some such method, then come to the Legislature and ask them for fresh taxation. Taxation, Sir, is justified if it leads to greater efficiency, if it leads to greater productivity. And I do not believe that money fructifies in the waistcoat pockets of individuals, but the taxation you raise should be used for purposes which we can regard as beneficial; it should be used to increase the industrial efficiency of the people. I was frankly disappointed with Sir Jeremy Raisman's speech. I did not find any reference to what the Government was doing so far as industries were concerned in his speech. I think this is a time when we can put our industrial organisation on a sounder basis; this is a time in which the State should endeavour to encourage our industries. We all take advantage of other people's weakness. That is human nature; that is the way in which empires have been built. If there had been no weaker races there would have been no empires and I do not see any reason why we should not utilise the present opportunity and build up a sound industrial system. If you will give to the youth of this country the vision of a free India, if you will take active steps to convince people that when you talk of a free India you mean a free India, if you will nationalise the army, if you will take steps to industrialise the country, if you will convince the people that you are prepared to put the constitution of this country on a permanent basis and assure us a place of honour in your Commonwealth, I am sure that the better mind of India will be with you and India will be whole-heartedly with you in this struggle against totalitarianism.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Intervening at this late hour, I will be very brief, Sir, and the only reason for my getting up to intervene in this debate at this stage is some of the observations that were made by my Honourable friend who has resumed his seat. I wish only to address myself to those few points to which I take exception. Therefore I will not tire the House with my observations regarding the impost on sugar and petrol, though these two commodities have been fortunate or unfortunate enough to attract the special attention of the Honourable the Finance Member. I may say in passing that the discussions in the House, even though they have been prolonged, have also been quite sweet, even though not short, and this on account of the fact that sugar was on the lips of every Honourable speaker who took part in the debate. Again, Sir, we were also relieved from monotony if there was any risk of the discussion becoming jejune and dull, because petrol was also the subject which was discussed and it gave some warmth and excitement to Honourable Members.

My Honourable friend Mr. Saprú stated that he was of opinion that since the present war was due to the responsibility of the present generation the brunt of the present war should fall only on the present generation. I take objection to that, Sir. My Honourable friend Mr. Saprú also said that the present war is being fought in the interests of the present generation. My view is quite the reverse. I feel that this war is being fought by the present generation mainly in the interests of future generations. After all, it is not the present

generation which will benefit most by the victory which might be gained in the present struggle. Again, there is yet another consideration which has got to be taken into account. The present generation has had to pay and is still paying heavy charges that were incurred during the Great War. So the present generation is not at all in a position to bear the cost that will be involved in securing victory in the present struggle. Again, this is a war budget, a budget which has become a deficit budget on account of an extraordinary emergency and for an abnormal occasion like this I feel that it is not fair that you should not resort to abnormal means; you have got to resort to abnormal means; the means should be just the same as the disease which you are going to treat. By refraining from borrowing, it has become necessary to impose heavier taxes upon commodities which are sure to seriously affect the normal life in the country and which are not merely luxuries. Again, Sir, this heavy impost is bound also to tell very seriously upon the fortunes of one of the most important industries in the country—the sugar industry. We are told, Sir, that this industry, even though it was very prosperous in the very first years, is now experiencing something like a crisis and this impost bids fair to take it to the very verge of ruin. And is this the way, Sir, in which we are trying to safeguard the interests of the future generations? If by checking the process of the development of industry in the country, we shake seriously the very foundations upon which the economic structure in the country rests, would we be handing over any really good legacy to posterity? And would we be credited with long vision and taking long views if in an attempt to save future generations from the payment of any loans that may be raised now, we give to them an economic structure which rests on bankrupt business, ruined industries, and poverty all round in the country? Therefore, Sir, I am strongly of opinion that the Honourable the Finance Member, instead of trying to raise more money by fresh taxation, should have seen his way to resort to loans as has been done by the British Government. Only this morning, Sir, we read in the papers that Britain has floated a new loan of £300 million sterling.

Again, Sir, a few more observations as regards the frontiers of India, about which my Honourable friend Mr. Saprú made some remarks. I feel, Sir, that as things are at present, we cannot regard India to be pent up within these jagged limits. We should not be alive to the realities and would be laying ourselves open to the charge of being blind to the stern facts if we felt that our frontiers were these jagged geographical limits. I therefore feel, Sir, that, as the frontiers of our country are at present flung wide, Suez, Aden and Singapore must be regarded as the frontiers of our country and if there is anything serious, anything endangering our safety even at those limits, we will have to take notice and take steps for defending ourselves when there is any danger lurking even so far away as Aden or Singapore. And I feel, Sir, that the Rs. 716 lakhs which India has got to bear as the cost of the present struggle is really not much in consideration of the great stakes that are involved in the present struggle. And I feel that the country would never have demurred to making this contribution towards the success of the present struggle if only the people of this country had been in some way associated with the defence of the country. And if the people had a hope that the country would be made more fit for equipping itself for self-defence and there would be some substantial advancement made in the process of developing the self-defence powers of this country, India would very willingly and very gladly have borne this burden.

THE HONOURABLE SIR JEREMY RAISMAN (Finance Member) : Sir, may I begin by expressing my pleasure at addressing once more the Members of this House where I formerly sat as a Member and enjoying once again the

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comparatively peaceful and dignified atmosphere of this Chamber. I shall endeavour not to be long. The hour is late and I think I am justified in inferring from the speakers who got up to speak within the last hour or so that they were naturally more anxious to express their points of view on the Budget than to hear a reply to the debate. In any case, I think it is fair to say, Sir, that most of the points which have been raised are answered in the Budget speech and I will not endeavour to cover again the ground which is covered in that speech. I also do not wish to traverse at any length the points which I took in another place and which, therefore, will come or have come to the knowledge of Members already.

But I have one or two new points to make in connection even with the same themes. Now, on the question of under-estimation, which has again been raised in this House and which numerous Honourable Members have repeated, I should like to say, Sir, that I am very interested in this type of criticism because the problem of taking a view of the revenue of the forthcoming year is always a difficult one and, whilst it is a comparatively easy matter to look at a set of figures and then register one's reactions, it is an entirely different matter to start with a blank page and fill in those figures. Well, I am very interested to observe the criticisms which have been uttered on these forecasts because I myself am aware this year of one feature in the estimates which at this moment should call for considerable comment. Now, it is a feature of over-estimation which many people are in a position to judge; nevertheless, I have not heard a single word on this subject. I shall explain which the item is in a moment. But what I want to emphasise is that, when we are making a forecast of the total revenue, we have to take into account that in some respects we shall overshoot the mark while in others we shall fall short. And I should be much more disposed to accept the validity and the objectivity of the criticism if I saw attention being drawn also to cases where we have over-estimated the probable revenue.

Now, Sir, I refer to the item of imports of sugar. It so happens that within a comparatively short space of time the situation in regard to sugar has changed considerably. At the time when these estimates were prepared there was a certain expectation in regard to indigenous production, and within a few days the position changed largely as a result of rainfall and the expectation of a very large cane crop in the next crushing season. Nevertheless, these budget estimates contain no less than Rs. 150 lakhs anticipated duty from imports of sugar. Everybody who is familiar with the sugar industry knows that that figure at present represents an over-estimate.

THE HONOURABLE MR. HOSSAIN IMAM: But it is counterbalanced by the under-estimating of the excise income. It is jumbled up together like the motor spirit.

THE HONOURABLE SIR JEREMY RAISMAN: No, Sir. Even if the forecast of the excise duty be raised by a corresponding amount, the Honourable Member knows that for every cwt. of anticipated import which is replaced by a cwt. of indigenous production, I shall lose over Rs. 7. Therefore, there is very little compensation if imports are replaced by indigenous production. However, I do not wish to labour the point, Sir, except to say that it is indicative of the fact that the criticisms of our estimates are not objective, that the critics go through the estimates merely with a view to establishing that we have under-estimated revenue and therefore have established a case for additional taxation. As I explained in another place, in the circumstances of this

year, it would be the most reprehensible policy to take a highly optimistic view of our revenue, particularly when the budget estimates of expenditure comprise only the actual commitments on which we are at present engaged and contain, as I explained in my Budget speech, no provision for new and unforeseen developments, and that in a world in which unforeseen developments occur almost every day.

The House will not expect me, I am sure, to traverse the large number of individual points which were raised but I would like to pay my tribute to the breadth of the debate in this House and the extent to which it dealt with the realities of the situation and was free, if I may say so, from mere repetition of clichés. I found that it was a very interesting debate at which I was present and I regret, Sir, that time will not allow me to take up many of the points which I should have wished to pursue. I am grateful to my Honourable friends, Mr. Hossain Imam and Mr. Sapru, for answering those facile critics who sing the siren song of borrowing to meet deficits. That is always a very attractive and easy course and one could save oneself such an enormous amount of unpleasantness if one followed it. But I wish to say this. In the circumstances of the present time, it is not merely the generation 20 or 30 years ahead we have to think of. It is ourselves, tomorrow, next week, next year. If we are not going to pay our way when we are faced with a deficit of Rs. 7 crores, what are we going to do if the expenditure should become considerably larger? Sir, the altruism which we are asked to practice at this stage is not quite so remote a quality as many critics seem to think. If you were to borrow at this stage in order to meet your deficit, you might find that you soon reached a stage at which it was very difficult to borrow any more and you might then wish that you had gone as far as you could on the basis of taxation so that your powers of borrowing would carry you a further distance along your journey.

Now, Sir, I was very interested in the criticisms of the Honourable Pandit Kunzru on our defence expenditure. I feel sure, in spite of what he said, that he will agree with me that we have been fortunate in securing a settlement of the kind explained with His Majesty's Government, and that for a country situated as we are, to be faced with so many and so great financial uncertainties would have been indeed a horrifying experience. Now, the main effect of this settlement, as I pointed out, is to relieve us of many of these gruesome anxieties. We are left now with the position that the only type of expenditure which may undergo a large increase is expenditure directly incurred in the local defence of India. I claim, Sir, that in the circumstances, and particularly when one has regard to the enormous burdens which are already being borne by the taxpayer of Great Britain, we have secured a settlement as advantageous as could possibly be hoped.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I interrupt the Honourable Member? He has missed the point of my remark. I referred to the settlement and said that a burden had been thrown upon us in violation of that settlement.

THE HONOURABLE SIR JEREMY RAISMAN: I was going to come to the point of the Honourable Member's remarks, which I assure him I have not missed. I was making some preliminary remarks about the general character of the settlement. I realised that the Honourable Member made the point that the Chatfield proposals as placed before the country a few months ago appeared to limit the extent of India's obligations on the external defence forces in a manner which has been departed from in this settlement. That is

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quite true. The Chatfield recommendations were that India should accept the principle of joint responsibility for her external defence, that for that purpose a certain proportion—about one-tenth—of the troops maintained in India should be earmarked for external defence and that when those troops were sent abroad in an emergency affecting India's external defence, India should continue to maintain those troops. They said, in effect, it is axiomatic that if you have a joint liability for your own external defence, then when your own troops go abroad the least that can happen is that you will not be paid for sending them abroad. Your own troops are going abroad on a business which you now admit is partly your own business; they will therefore go abroad not as mercenaries but as India's soldiers guarding the outward bastions of India. Now, Sir, that was the least that could possibly happen, and therefore they went on to say, it follows from this principle that India can make no saving when her troops go abroad on business connected with her own external defence. But now in the circumstances that have arisen since the outbreak of war there were factors which called for some consideration—I will not say reconsideration, because the principle of joint responsibility for India's external defence was there—but now what had happened? The cost of mechanising and modernising India's army had become a very much bigger thing. It was not only a much more expensive thing but it was necessarily a much more difficult thing to carry out in the circumstances of the war. Nevertheless His Majesty's Government finally agreed to go on with that highly expensive and difficult scheme. Does the Honourable Member suggest that we on our side should have refused to make even the smallest contribution towards the additional expense of that situation? I consider, Sir, that this single lump sum contribution of one crore towards the additional expenditure incurred on our own troops while they are standing in places which have to be guarded for the ultimate defence of India. I consider that this is an exceedingly modest contribution indeed.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Has that been arrived at in agreement with the Government of India?

THE HONOURABLE SIR JEREMY RAISMAN : It has, Sir, undoubtedly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Do you think that external defence should be two or three thousand miles away?

THE HONOURABLE SIR JEREMY RAISMAN : Does the Honourable Member think that if dacoits were coming to his house that the best place to meet them would be on his doorstep, or does he think that if he had armed men that he would post them outside his gate and deal with the dacoits before they got within reach of his throat?

Now, Sir, another point which was made by several Honourable Members, and particularly by the Honourable Mr. Sapru, was this point of retrenchment and control of expenditure. It has been suggested that civil expenditure was increasing. I have admitted that. It is inevitable that civil expenditure should increase in the conditions of war. My Honourable friend suggests that a retrenchment committee should now sit down and, presumably, start reducing the staff which is engaged in carrying on the civil government during the emergency of war. I can assure my Honourable friend that wherever there is a surplus man now in the organisation of the Secretariat he has been sucked from his position by a force much greater than any retrenchment committee could apply. I can assure my Honourable friend that in the case of all the

personnel which is under my control there are constant demands every day for them in what I can only call war positions and that there is hardly a day that passes when I am not subjected to great anxiety as to how I am to carry on the ordinary revenue and financial administration because I have to cater for the needs of war activity. My Honourable friend Mr. Dow pointed out that I had just had to place an important officer in the very middle of his department. That is an example of the sort of thing which is happening constantly, and since we cannot bring into being in a moment financial experts and we cannot readily call on men who are capable of co-operating in the financial control of an organisation so big and so complicated as the Supply Department, we are subjected to very great difficulty indeed. Now, Sir, in these circumstances how can any one visualise that a retrenchment committee should sit down and call upon a considerable proportion of the staff to submit the materials on which this committee would painfully go through every post and decide whether it could be dispensed with at this time? I think suggestions of that kind arise from an utterly incomplete realisation of the circumstances of the emergency and the great strain to which the machinery of Government is being subjected at this time.

Other suggestions are that the pay of the officers should be cut, and my Honourable friend the Leader of the Opposition finds it possible to say that the pay of military officers should be cut at this time in order that the burden of taxation should lie less heavily on the excess profits which the commercial community now enjoy. I find that, Sir, a most extraordinary suggestion. If I were responsible for adopting a measure of that kind I should feel thoroughly ashamed of myself, and I do not believe that any incumbent of the office which I hold would ever dream of acting in that manner. The officers of Government both civil and military are subjected, as I said, to special strain at this time. As regards military officers we must remember that they if called upon are always prepared to do their ultimate duty and lay down their lives. As regards civil officers they are now working at a very great strain. The increase in the cost of living affects them as it affects all other members of the community, whereas for the most part they are in receipt of fixed incomes. If any sacrifice is to be made by classes other than those who are directly profiting from the war, then I consider that Government servants must rank with the general taxpayer and make the same sacrifices and not special sacrifices. The circumstances are not those which we had in times of depression. In times of depression you have the position that the earner of a fixed income is in a specially favourable position. It may be the result of his contract, it may be that he has foregone the possibility of high earnings in times of prosperity; nevertheless the fact remains that in times of depression that fixed income earner sits there safe and sound, whilst the ordinary member of the community, the business man, and so on, is subject to difficulty and hardship. I can understand that in times like that the pressure to reduce the fixed charge on the earnings of the community, the pressure so to speak to take something of the debenture holder is great. But at a time like this, when the equity holder is prospering as a result of the emergency I can see no justification whatever for attempting to obtain a prior or a special sacrifice from the fixed income earner or the man whom I may call the debenture holder.

Now, Sir, it has been my duty up to now to reply to criticisms and in possibly a somewhat polemic way. It is more pleasant to me to refer to a point which more than one Member took up and on which I have something a little more encouraging to communicate. My Honourable friend Pandit Kunzru referred to the desirability of encouraging Indian industrialists to take advantage of the opportunities afforded by war conditions to establish industries

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which once established could hope to have a prospect of success when peace time conditions should return. The matter has, as I have reason to be well aware, been engaging the close attention of my Honourable colleague the Member in charge of the Commerce Department. If the work is to be conducted on proper lines, it requires careful organisation and obviously that cannot be completed in a few days or weeks ; but I believe that an announcement on the subject can now be expected by Honourable Members at a very early date and I think that Honourable Members will find that I have made a contribution towards the object which they have in view. (Applause.)

I have only one more topic on which to touch and that very mildly, Sir. A number of critics, both in this and the other House, have been disposed to say, " Why choose sugar for your tax ? " I will not, Sir, anticipate the debate which must take place on the Finance Bill and particularly on the clause dealing with sugar excise. But I would like to remind Honourable Members that in almost every country—in every country I think I may say—sugar is the vehicle for a really important tax. It is by its nature a commodity which is peculiarly suited to carry a tax, an important tax, and you will find if you examine the fiscal systems of various countries that the tax on sugar is usually one of high *ad valorem* incidence. I will not go into the reasons why it is usually selected to carry an important tax, but I would only say that in the conditions of India, where you have both the cruder forms of sugar which are used in the villages and the more refined forms which are used by urban populations and the wealthier classes, I would say that in the conditions of India refined sugar is even more suitable to carry an important tax than in many countries of the world. Now, what is the *ad valorem* incidence of this tax in India today ? At Rs. 3 a cwt. it is only about 25 per cent. In other words, although by common fiscal experience in all countries sugar is a peculiarly suitable commodity to carry an important tax, it carries in India a rate of tax no greater than the ordinary rate of consumption taxes as exemplified by our import tariff. I wish that when the outcries which are emitted by the sugar industry fall upon the ears of Honourable Members they would view this tax in relation to that background, because we are apt to forget and to lose the sense of proportion which should apply to this feature of our taxation system. (Applause.)

The Council then adjourned till Eleven of the Clock on Monday, the 11th March, 1940.

COUNCIL OF STATE.

Monday, 11th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

REPAIRS TO MOSQUES IN NEW DELHI.

46. THE HONOURABLE MR. ABDUL RAZAK HAJEE ABDUL SATTAR : (a) Will Government state—

- (i) the total number of mosques, with their localities, in New Delhi ;
 - (ii) the number of mosques, with their localities, which are in need of repairs in New Delhi ; and
 - (iii) the number of mosques in New Delhi, with their localities, which have fallen down for want of repairs ?
- (b) Are Government aware that many mosques in New Delhi are in bad condition and require repairs ?
- (c) Is permission to repair these mosques invariably refused with the result that their condition is becoming worse day by day ?
- (d) Are Government aware that some of these mosques have already fallen down due to the fact that permission for their repairs was not granted ?
- (e) Are Government aware of the religious feelings of the Muslims who regard that once a mosque has been built it always remains a mosque and it cannot be demolished or used for any other purpose ?
- (f) Will Government state the reason for this policy of not allowing repairs of these mosques to be undertaken ?
- (g) Do Government propose to issue immediate orders to the effect that permission to repair any mosque in New Delhi should under no circumstances be refused ? If not, why ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Information has been called for and will be furnished to the House on receipt.

CONSULAR POSTS UNDER HIS MAJESTY'S GOVERNMENT FILLED BY OFFICERS OF THE INDIAN POLITICAL SERVICE.

47. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government lay on the table of this House a statement showing the scales of salaries and allowances of members of Consular Services (a) Indians and (b) Europeans ? If there be any difference in the scales, will Government give reasons for such difference.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : The Government of India have no Consular Service of their own but certain Consular posts which are under His Majesty's Government are filled by officers belonging to Indian

Services. I place on the table of the House a statement showing these posts and the rates of pay and allowances attached to them. These rates are common to both Indians and Europeans.

(a) *Consular posts under His Majesty's Government filled by officers on the cadre of the Indian Political Service.*

Name of post.	Pay.	Allowances.
PERSIAN GULF.		
		Rs.
1. Consul-General	Pay of Resident, 1st Class .	250 Sumptuary allowance. 150 Customs compensatory allowance.
2. Consul, Bushire (Secretary).	Time scale pay of the Indian Political Service.	200 Special pay. 100 Customs compensatory allowance.
3. Consul, Muscat	Ditto	300 Special pay. 100 Sumptuary allowance.
4. Consul, Kerman and Vice-Consul, Bunder Abbas.	Ditto	200 Special pay. 100 Ditto (for Bunder Abbas). 200 Sumptuary allowance. 125 Customs compensatory allowance.
5. Vice-Consul, Khorramshahr.	Ditto	200 Compensatory allowance. 200 Special pay. 100 Sumptuary allowance. 100 Customs compensatory allowance. 75 Conveyance allowance.
KHORASAN.		
1. Consul-General	Ditto	250 Special pay. 150 Sumptuary allowance. 100 Conveyance allowance. 150 Customs compensatory allowance.
2. Vice-Consul, Kabul	Ditto	100 Special pay. 100 Sumptuary allowance. 100 Customs compensatory allowance.
3. Vice-Consul, Zahidan	Ditto	150 Sumptuary allowance. 100 Customs compensatory allowance. 100 Special pay.
KASHGAR.		
1. Consul-General, Kashgar	Ditto	250 Special pay. 250 Sumptuary allowance.

(b) *Consular posts under His Majesty's Government filled by officers belonging to other Services.*

Name of post.	Pay.	Allowances.
1. Consul-General, Pondicherry.	Rs. 2,100 p. m.	....
2. Consul, Marmagao . . . . .	....	500 p. m. allowance.
3. Vice-Consul, Jedda	£600-25-700 per annum	£150 per annum—Representation allowance. £36 per annum—Water allowance.
4. Vice-Consul, Kashgar	Special pay of Rs. 150 p. m. to the I. M. D. Officer.	....
5. Vice-Consul, Baghdad	Rs. 315-15-405 p. m.	....
6. Consul, Kandahar	Rs. 600 p. m.	100 Sumptuary allowance. 150 Conveyance allowance. 200 Special pay.
7. Consul, Jalalabad	Rs. 600—850 p. m.	300 Sumptuary allowance. 200 Special pay. 150 Conveyance allowance.

NEPALESE TROOPS.

48. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Has the attention of Government been drawn to the A. P. I. message published in the *Leader* of the 2nd December, 1939, that it had been decided that two brigades of Nepal troops composed of eight battalions should arrive in India early this year and be under the command of Sir Shumshere Jang Bahadur, the eldest son of the Maharaja of Nepal?

(b) Are the statements contained in the message correct? If so, why has the help of Nepal troops been taken and the additional forces required not been raised in India?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a) Yes.

(b) Yes. The most generous offer of the Maharaja of Nepal has been accepted with gratitude on this occasion as in the last war. The cost of maintaining these troops is being borne almost entirely by Nepal, and they form a very valuable contribution to our resources.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Why were they not sent to some theatre of war instead of being kept as a garrison in India?

THE HONOURABLE MR. A. DEC. WILLIAMS : The Government of India are very content to keep them in India.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Have they any regard for the feelings of the people in keeping foreign troops as a garrison in this country when plenty of new recruits can be had here?

THE HONOURABLE MR. A. DEC. WILLIAMS : The Honourable Member, I am surprised to see, does not seem pleased to get something for nothing. I can only say in reply to his supplementary that the Government of India does not share the Honourable Member's propensity for looking a gift horse in the mouth.

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COUNCIL OF STATE

[11TH MAR. 1940]

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is it a fact that the Government are recruiting more men in India ? Was it not, therefore, possible for them to send the Nepal troops outside India and get Indian troops to take the place of these Nepal troops in this country without in any way declining to take advantage of the valuable help offered to them by the Nepal Government ?

THE HONOURABLE THE PRESIDENT : But the Nepal Government must have a voice in the matter when they are placing the troops at the disposal of the Government of India.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I should like to know, Sir, what the reply of the so-called representative of the Defence Department here is.

THE HONOURABLE MR. A. DE C. WILLIAMS : It is a matter of opinion, Sir. But it must be apparent that, if we are getting these troops for nothing, we are making a saving. I read this question as suggesting that we should not have these troops at all but recruit additional troops ourselves.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is suggested is that these troops should be used outside India and not in this country.

NUMBER OF PASSENGERS ON THE AIR LINER *Hannibal*.

49. THE HONOURABLE SIR DAVID DEVADOSS : (i) How many passengers did the air liner *Hannibal* carry on its last voyage and what are their names ?

(ii) Who was the pilot and what were his qualifications.

(iii) What was the strength of the crew ?

(iv) When did the said air liner leave Karachi ?

(v) What was the next place of call and when did it leave it ?

(vi) What was the last place of call and when did it leave it ?

(vii) When was it last heard of ?

(viii) Was any S. O. S. received from *Hannibal* and by what stations and when ?

(ix) Was anything done in answer to the S. O. S. and if so what, when and by whom ?

(x) Were the engines of *Hannibal* tested for air-worthiness before it left Karachi, and were they tested subsequently at the places it called ?

(xi) Are there means and equipment for testing the air-worthiness of air liners at each station they visit and if the answer is in the negative, do Government propose to consider the desirability of having such equipment and the necessity for testing the engines for air-worthiness before an air liner takes off from any place of call ?

(xii) Have all efforts to trace the air liner been abandoned ?

THE HONOURABLE MR. S. N. ROY : (i) Four passengers. Their names are—

Rao Bahadur Sir A. T. Pannirselvam.

Air Commodore H. A. Whistler.

Mr. A. Bryn,

Conductor H. Hutchison, I. A. O. C.

(ii) There were two pilots—the Commander, Captain N. Townsend and the First Officer, Mr. C. J. Walsh. Both were in possession of British Air Ministry and Indian Pilots' "B" Licences and Air Navigators' Wireless Operators' and Ground Engineers' licences. The records show that their flying experience amounted to approximately 3,400 and 2,000 hours, respectively.

(iii) Four. Commander ; First Officer ; Radio Operator and Steward.

(iv) to (vi). The air liner left Karachi at 05.54 Indian Standard Time on the 1st March. Her next and last place of call was Jiwani which she left at 11.02 Indian Standard Time.

(vii) and (viii). At 14.38 Indian Standard Time the aircraft made a routine wireless call, which was received by Sharjah. At 14.51 Sharjah W/T station heard the aircraft transmitting a signal in which the only letters deciphered were "O. S." after which the signals became undecipherable and faded out. Nothing further was heard, despite repeated calls by the Sharjah W/T station.

(ix) The facts were reported by Sharjah to Karachi and when the aircraft failed to arrive at its scheduled time a broadcast was issued to shipping and all air stations, Naval, Military, Air Force and Civil authorities were informed. Search by Air Force, civil aircraft, and naval units commenced early in the morning of the 2nd March.

(x) In accordance with invariable practice the engines of the aircraft were tested by running up on the ground at Karachi immediately before the aircraft departed. It may be assumed that the same procedure was followed at Jiwani. The fact that the flight was continued normally for 3½ hours after leaving Jiwani, itself shows that there was no defect in the running of the engines up to that time.

(xi) Tests of the airworthiness of aircraft are comprised in a series of routine inspections of the airframe and the engines. Such inspections are carried out at regular intervals in accordance with schedules prescribed by the company and approved by Government Inspectors. In addition, the aircraft and engines are inspected and certified as safe for flight by licensed ground engineers before the commencement of flying each day. Further, the pilot in charge is required to satisfy himself that the aircraft is fit in every way for the proposed flight before taking off. As regards intermediate stations no special inspection is necessary, but the crew, in which competent engineers are included, rectify any defect which may have developed, or if this is not possible the flight is abandoned. No special equipment at intermediate stations is required for this purpose.

(xii) Yes. As was announced in the official communique issued on the 7th March, search operations commenced on the afternoon of the 1st March and the actual searches which commenced next morning were continued till the 6th March over the whole of the sea and land in the vicinity. No trace of the missing aircraft has been found and there is unfortunately no reason to believe that any of the passengers and crew have survived.

THE HONOURABLE SIR DAVID DEVADOSS : Will the Government be pleased to direct an inquiry into the cause of this disaster ?

THE HONOURABLE MR. S. N. ROY : Since the aircraft involved is registered in the United Kingdom and since it disappeared outside Indian territory, it is not within the normal province of the Government of India to hold an

inquiry of this nature. His Majesty's Government has however requested the Director of Civil Aviation in India to carry out the investigation on his behalf and the matter is under correspondence.

THE HONOURABLE SIR DAVID DEVADOSS : What steps do the Government of India propose to take to avoid such tragedies ?

THE HONOURABLE MR. S. N. ROY : Well, Sir, it is not possible to answer that question categorically. Government, in common and in collaboration with His Majesty's Government, are continually taking steps to improve the organisation designed to avert such accidents and they will continue to do so.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to amend the Coal Mines Safety (Stowing) Act, 1939, which was passed by the Legislative Assembly at its meeting held on Wednesday, the 6th March, 1940.

STANDING COMMITTEE FOR ROADS, 1940-41.

THE HONOURABLE THE PRESIDENT : Honourable Members, with reference to the announcement made by me on the 5th March, 1940, regarding nominations to the Standing Committee for Roads, I have to announce that the following Honourable Members have been nominated for election to that Committee :—

1. The Honourable Rao Bahadur K. Govindachari.
2. The Honourable Mr. R. H. Parker.
3. The Honourable Rai Bahadur Sri Narain Mahtha.

There are three candidates for three seats and I declare them duly elected.

RESOLUTION RE MAKING INDIA SELF-SUFFICIENT IN RESPECT OF DEFENCE.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, I beg to move :

"That this Council recommends to the Governor General in Council that in view of the earnest desire of His Majesty's Government that India should attain Dominion status at the earliest possible moment and their anxiety to shorten the transitional period and bridge it as effectively as possible, a Committee consisting of representatives of His Majesty's Government and the Government of India and non-official representative Indians be appointed to prepare a scheme for making India self-sufficient in respect of her defence."

Sir, I had occasion to protest the other day against the manner in which this House has been treated by the military authorities and I have to repeat that protest on this occasion. I know that Mr. Williams is supposed to represent them here. Mr. Williams will, I am sure, represent Government wherever he is sent by them. If he is asked to represent the Indian Engineering Service or the Indian Medical Service, he will have to do it whether he likes or not. But I cannot regard him as a representative of the Defence Department any more than I can regard him as a representative of the Indian Medical Service or the Indian Engineering Service. It seems to

me that at the present time we have no representative of the Defence Department in this House. This is an insult which the Defence authorities have offered to us again and again simply because they know that they are not responsible to the Legislature. Had they felt in the slightest degree the need for carrying public opinion with them, they would not have ignored us in the disgraceful manner in which they have done during this session.

Sir, the Resolution which I have just moved takes as its basis the official announcement made with regard to the conversations that took place between His Excellency the Viceroy and Mahatma Gandhi in February last. It was stated in the official communique that His Excellency emphasised in the first place—

"the earnest desire of His Majesty's Government that India should attain Dominion status at the earliest possible moment, and to facilitate the achievement of that status by all means in their power".

It was further stated in the communique that His Excellency drew attention to—

"the complexity and difficulty of certain of the issues that called for disposal in that connection ; in particular, the issue of defence in a Dominion position". His Excellency "made clear also the anxiety of His Majesty's Government to shorten the transitional period and to bridge it as effectively as possible".

His Majesty's Government being desirous of enabling India to achieve Dominion status as quickly as possible and the question of defence being the most important matter that calls for consideration in that connection, I have ventured to suggest to Government that they should take steps to consult both official experts and non-official Indians to consider what steps should be taken in order to remove this obstacle from our path. The meaning of "Dominion status" is well understood for all practical purposes. I need not, therefore, explain what the natural result of measures intended to enable India to defend herself would be if the idea is that she would be responsible for her own affairs as the Dominions are for theirs. Yet, I think it will be desirable if I place in a few words before the House the aim that I have set before myself in placing this Resolution before the House. When Australia started her Military College, the Chief of the General Staff wrote on the occasion of the official opening of the College :—

"The aim of true Australians has always been to have a military force officered and trained by Australians, supplied with arms and equipment made in Australia and ready to lay down their lives in defence of Australia".

That is the ideal that I have before set myself in moving this Resolution today. No lesser ideal would be in consonance with the idea of Dominion status. I may, however, be asked to define my object more clearly and in a little greater detail in order to give Honourable Members some idea of what exactly it is that I have in view. I may be asked first whether it is desired in pursuit of the ideal of self-sufficiency that our army should be enlarged and that we should be rendered capable of meeting all emergencies without the aid of any other power. Secondly, I may be asked whether even when all that it is possible for us to do with our limited financial resources has been done it will be possible for this country to defend herself if she stood alone and was not helped by the Imperial Government. I shall endeavour to answer these two questions as clearly and briefly as I can.

India maintains forces for her protection which are supposed to be sufficient for such dangers as she might reasonably have to meet in the circumstances in which she is placed. I lay great stress on these words, that is, "the circumstances in which she is placed". Another country of the same size but with a

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different geographical position might well have to maintain much larger forces than India has to. But advantageously situated as we are that the forces that we maintain though comparatively speaking not large are sufficient in the opinion of the military authorities to enable us to cope with all such dangers as we may be reasonably expected to face. When I ask therefore that we should as far as possible be self-sufficient in respect of our defence I have the same object in view which the military authorities have and I refer only to the forces that are maintained. There is only one difference between the military authorities and myself. To them the composition of the Army in India and the classes from which the officers are drawn is a matter of small moment. To me it is a matter of the greatest concern. I want that all our soldiers and officers should be Indians and that as far as possible our army should be supplied with arms and equipment made in this country. In asking therefore for self-sufficiency, Sir, I am not asking for any increase in our forces. I am not pursuing any impossible ideal of self-dependence. I am only asking that the forces which are considered necessary for our normal needs should consist of Indian troops and Indian officers and that arrangements should be made for the manufacture of munitions of all kinds which would be needed in a war.

Having answered the first question I shall now attempt to answer the second question. I readily grant that even when the immediate object that I have in view has been attained, India may not be in a position to withstand unaided an attack by a first class power. But is there any country that is in such a position at the present time? The British Dominions at least since the Great War, have been steadily pursuing the ideal that Australia set before herself when she started her military college. The arrangements recently concluded between Australia and Canada and His Majesty's Government will enable at least these two Dominions to train a large number of pilots and manufacture aeroplanes on a large scale. Yet, with all the preparations that they have made and all the help that they are receiving from His Majesty's Government in England does anybody think that they would be able to defend themselves without the help of the British Government in case they were attacked by a first class military nation. I need not refer only to the Dominions in this connection. I can well refer to England herself. In the Great War England needed the help of other countries. It received the help of the whole of the Empire including India. In this war too similarly it is receiving the help of the whole of the Empire, and that it values this help is proved by the fact that the British authorities here and elsewhere are making the utmost effort to induce the people of the countries for whose administration they are responsible to co-operate with them in the prosecution of such measures as would enable His Majesty's Government to carry the war to a successful issue. I go further and venture to say that it would have been difficult for His Majesty's Government to meet a country like Germany single-handed. England needs the help of France as much as France needs that of England. Yet England, although she realises that it is necessary in her own interests that she should enter into alliance with other powers, so that she may get the help that she may need in times of danger, does not depend primarily on the armies and officers of other countries for her defence. She has made herself self reliant as far it was in her—power to do so in respect both of men and material. Similarly, though we may have to ask for help from His Majesty's Government, and indeed if our association continues we shall be entitled to receive it, this is no reason why we should for all ordinary purposes continue to be dependent on the British element to the extent that is the case now in our army.

I hope from what I have said so far that I have been able to show that my object in moving this Resolution is not such as is impossible of fulfilment. I ask neither for a large expansion of our forces nor for that military self-dependence which is practically impossible in any country of the world today. I am asking for what is not merely possible but easily practicable if only the British authorities would change their point of view and make up their minds to assist India to carry through those measures on the successful completion of which the achievement of full self-Government primarily depends. I may still, however, be asked whether I think that the present time is opportune for the consideration of a Resolution like this. I venture to answer this question strongly, emphatically in the affirmative. His Majesty's Government are appealing to the people of this country to co-operate with them in carrying this war to a successful issue. India is generally speaking sympathetic towards England because it detests those totalitarian policies which have found favour with the Governments with which Britain is at present at war. But if full advantage is to be taken of this initial sympathy, it is necessary that the country should be assured that the help that it is now giving will be used in such a way as to enable it to become self-governing after the war. It should be made to feel that the arrangements that are now being made are such as are consistent with this objective in view and not such as will make it more difficult for us to achieve full self-Government. Besides, Sir, the recommendations of the Chatfield Committee which have led to the enlargement of the scope of our responsibilities render the carrying out of my Resolution almost imperative. We thought till a few months ago that our responsibilities were of a limited character and were mostly confined to the defence of the internal frontiers, of India, but we are now told that we should be consulting our best interests if we defend the integrity of India not on Indian frontiers but in Malaya and Egypt. If that is so, and it is the desire of the British Government that India should achieve Dominion status as early as possible and that they should receive the fullest help from the people of this country in the prosecution of the war, then is it not desirable that they should take care to see that the troops that are sent out of this country are such as can be regarded as truly national? Now, what is wanted in order to make our troops national? It is the production of Indian officers who will replace British officers. That unquestionably is one of the problems that will have to be dealt with boldly and frankly if India is to be enabled to achieve full self-Government, and it is, as I have said, rendered more necessary than before by the recommendations of the Chatfield Committee. I ask Honourable Members to have a little imagination and ask themselves whether a new wave of enthusiasm would not pass over the country if they saw that the troops that were being sent out of this country were completely Indian, were led by their own officers and would be regarded as national by the people of the country to which they were being sent. Would it not create a different feeling in the country if it was felt that His Majesty's Government were trying to create an army national in every respect. I am sure there is no one here who, if he were to devote a little sympathetic attention to this matter, would not come to the same conclusion and would not realise the immense importance of taking steps of the kind suggested by me.

Apart from this, Sir, His Majesty's Government are at present taking steps both to expand the army and to train a larger number of officers. If at this time when measures are being taken to expand not merely the army but our other forces also and to train more officers the larger object were kept in view and the change in British political sentiment created by the war were made full use of, many of the difficulties that we have had to encounter in the

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past might easily be overcome and India would be able to have completely national forces much quicker than would otherwise be possible. I shall refer to a few facts by way of illustration in order to show more clearly the bearing of what I have said on the realisation of the object which according to His Excellency the Viceroy His Majesty's Government have set before themselves, but before I do so I should like to refer to one other point. I may be told that if my Resolution were to be accepted one of the consequences of it would be that the British Government would have to follow a definite scheme of Indianization, a scheme that could be worked up to within a definite period of time and that this would not be possible from the military point of view. Now, I venture to draw the attention of Government in this connection to the Report of Committees set up by themselves. One of the earliest of these committees, the Shea Committee was appointed by them to consider how a purely national army could be created, how India could be enabled to have an Indian army working entirely under Indian leadership. The idea, therefore, that I am putting forward is not as chimerical as some persons might make it out to be for purposes of argument. Again, Sir, the Defence Sub-Committee of the Round Table Conference considered this matter and the Chairman, Mr. Thomas, clearly stated in his Report that, when an expert committee was appointed in India to consider all those subjects on which the Defence Sub-Committee had made recommendations, the Reports of the Military Requirements Committee of 1921 and the Shea Committee of 1922 would be placed before it and adequately considered. The resolutions passed by the Sub-Committee, as was expressly said in the report, were subject to this assurance. Yet, unfortunately, when the Committee was appointed, this promise was not fulfilled and the Commander-in-Chief announced on behalf of the Government of India that the Government of India and His Majesty's Government had decided that only 60 officers should be admitted annually to the Indian Military Academy to be opened at Dehra Dun. I am quite certain, Sir, that, if this question had been allowed to be considered by the Committee, the Committee would have arrived at a much more satisfactory decision and we would now have been in a much better position with regard to the number and employment of the Indian Commissioned officers than we are at the present time.

I shall now give the illustrations to which I referred a little earlier. Practically speaking the officers that we have up to now trained in the Indian Military Academy are being used as platoon commanders and the new officers that Government are now training in larger numbers will also be used in the same way. Now, I ask whether the question of the employment of Indian Commissioned Officers as platoon commanders was ever placed before the Legislative Assembly, whether it was ever discussed before His Majesty's Government arrived at a decision on the subject. The Government of India accepted a Resolution in 1921 asking for the recruitment of 25 per cent. of the superior officers annually from among Indians. It was well understood that the object of Indianization was to replace British by Indian officers but what is being done now is to replace one kind of Indian officer by another kind of Indian officer. The Viceroy's Commissioned officers are being replaced by the Indian Commissioned officers. The result is that, although Indian officers are being recruited, Indian commissioned officers are being trained annually and their number has increased, the recruitment of British officers has not gone down. Indianization, therefore, has not been proceeded with, has been practically stopped as must have been evident to anybody who listened to the figures given by Mr. Williams the other day with regard to British recruitment during the last five years.

I need not say much with regard to the air force and the navy. The British authorities have borne testimony to the worth of the Indian officers in both the Indian Air Force and the Indian Navy. The reply received by the Director of Civil Aviation to the questionnaire issued by him to trained pilots and engineers further shows the enthusiasm of the people of this country for service in the Air Force. Another fact that shows the same enthusiasm is the trebling of the number of pilot under training at the various Flying Clubs in the course of a little less than 12 months. As regards the Navy, equally good testimony is forthcoming. Both the Commander-in-Chief and the Captain Superintendent have borne testimony to the fine quality of the boys that are being trained in the Mercantile Marine Training Ship *Dufferin*, and it is a fact to be noted that, since the creation of the various naval reserves, 23 ex-cadets of the *Dufferin* have been taken in the Royal Indian Naval Reserve and the Royal Indian Naval Volunteer Reserve. Here again, the facts show eloquently that, if Government go about the business in the right way, offer a large number of vacancies to the people and take steps to rouse their enthusiasm, there would be no want of response from the young men in this country and no dearth of suitable material.

Sir, I do not wish to dwell any more on these points. I would say only in the end that the acceptance of the Resolution that I have placed before the House would be a proof of the sincerity of His Majesty's Government's intention to advance India as quickly as possible on the path of self-government. This is not a time, Sir, for delay. There may be dangers in going fast according to the authorities. But there are times when these risks are small as compared with those of proceeding at a slow pace, the result of which might be to alienate permanently the sympathies of the people of the country.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, I rise to support the Resolution so ably moved by my Honourable friend Pandit Kunzru. The proposition that he has put forward is a most constructive proposition and deserves support from all sides of the House. He has made constructive proposals in the Resolution with a view that Britain should take India into her confidence at least in these dangerous times and should help India to be self-sufficient in the matter of defence. I need not go into the past history of Britain in her dealings with India in this matter, but I am compelled to state that Britain has made systematic and deliberate efforts in the past not to make India self-sufficient in the matter of defence. After the Mutiny, the policy followed by Britain has been to emasculate and disarm India. The policy followed by Britain of recruiting people from particular provinces has stifled the enthusiasm amongst the various classes and provinces, and people do not come forward to take part in the defence of their country. The policy regarding Indianizing the officer ranks of the army, followed by Britain, has been to the great disadvantage of India, and in spite of India's enthusiasm to take part in the Great War and to give active help to Britain in the present war, she is not in a position to give as much help as she would desire to give. Sir, India is not responsible for it. It is Britain which is responsible for this, and Britain must mend her ways now.

We have had several committees set up during the last 20 years, after the introduction of the Montagu-Chelmsford Reforms, but their recommendations have not been given effect to by the then Government as they had to follow the dictates of Whitehall. My Honourable friend had already referred to them. The House knows that the Shea Committee made recommendations to the effect that the officer ranks of the Indian Army should and could be Indianized without any danger to efficiency within 30 years. The Report

[Mr. V. V. Kalikar.]

of that Committee was shelved, but it was due only to Sir Tej Bahadur Sapru and Sir Muhammad Shafi that something of the Report came to light during the Round Table Conference. I charge the British Government with deliberately following a policy which has not made India self-sufficient in this matter up till now. We are promised Dominion status. If this promise is not a mere declaration of a pious wish, if in the present war Great Britain really desires help from India, I submit that England ought to be sincere and frank and carry into effect the recommendations of at least the Shea Committee. If the Government had given effect to the recommendations of these committees by this time, they would not have felt the need of giving emergency commissions to Indians now. Even in the matter of giving emergency commissions, an inquiry was made by my Honourable friend and we were told that it would not be in the public interest to give the information. Is it in the public interest not to train Indians for commanding their own troops? Is it in the public interest not to train India to have a national army of its own not only to defend India but also to help Britain in time of need? Sir, I have been a great believer for a long time in the declared promises of Great Britain. But, for the last few years, I have come to realise that it is a very easy thing for Britain to make a pious declaration, but she finds it inconvenient to translate it into action when it does not suit her purpose. If that is the policy that is going to be followed even now, then the enthusiasm that we want to rouse amongst our young men will be damped and I regret to submit that the help which Britain desires from India will not ultimately come forward. It is, therefore, not only in the interests of India alone but also in the interests of Britain that Britain should change her policy and should help to train Indians for setting up a national army of their own which will be of use to India as well as to Britain in times of danger. The Resolution of my Honourable friend desires co-operation from all sides. He wants expert advice as well, and therefore he wants the co-operation of the British Government also to draw up a scheme of having a national army for India. I therefore submit that not only all sides of the House but also the British Government should accept such a modest demand and accept this Resolution so that India may be self-sufficient in the matter of her defence. I therefore strongly support the Resolution that has been so ably moved by my Honourable friend.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) : Mr. President, the Mover of this Resolution has done a great service by moving this Resolution. The Resolution, Sir, makes two suppositions : (1) the desire of His Majesty's Government that India should attain Dominion status at the earliest possible moment and (2) their anxiety to shorten the transitional period and bridge it as effectively as possible. It is not for us, Sir, it is for His Majesty's Government alone and their representative in India, His Excellency the Viceroy, to say if their intentions have not been correctly interpreted. We in India who still have faith in British pledges and British justice do take it that the announcements recently made have been made with a clear and unequivocal desire towards their fulfilment. Even Mahatma Gandhi, the strength of whose leadership we all recognize and whose representative voice always carries great weight with the Government, has repeatedly declared his faith in the inherent sincerity of the British people ; and from his writings we feel inclined to think that an effective and lasting compromise is possible if the

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status of India as a self-governing dominion is recognized. Ideologically speaking, the political ideal of any country can not reasonably be expected to be Dominion status. Every country's political goal cannot be anything but complete independence. If it is anything else it is not worth being called a goal. It is an apology for an ideal. It is a camouflage. But, Sir, although the ultimate cherished end of nobody who can find the wherewithal to live and grow independently can or should be dependence or servitude, and yet he may make co-operative living or responsive friendship a very admirable ideal of his life ; even so, India and Britain will find a very noble, honourable and inspiring settlement in Dominion status which will make the two countries complementary in all their endeavours and lead them from strength to strength to be of service to the common good of mankind. Those of us who value British connections and want to strengthen the ties by purifying them do view with some discontent the lackadaisical manner in which Government are going about the business. When disruptive forces are at work, when delay is the agitators' chief argument for preaching disaffection, when the rising generation is becoming more and more mercurial day by day, the Government continues to be as phlegmatic in its forward move as ever. This Resolution urges Government to move in the direction of making the necessary preparations for the establishment of Dominion status. A lot of spade work will have to be done in connection with the army itself. Dominion status involves the withdrawal of British troops from India. There would, I suppose, be no British units, naval, military or air, stationed anywhere except in relation to strategic points. The Dominion Government will not be able to call upon British troops except for defence against external dangers. India would not like to replace an army of occupation in one day by an army of mercenaries. What she would need would be a national army under national control, manned and officered by Indians. To draw up a plan to achieve this most vital need is what the committee proposed in the Resolution would be required to do. A committee of the type proposed would certainly be the best for the purpose. The functioning of this committee is not going to hamper the work of the Defence Department even during the present time of strain. The necessary statistics are already there. The reports of the various committees, including the Chatfield Committee, would be available to them. But it is very difficult to force the unwilling hands of Government to action in the direction of political progress. The usual chain of pleas that we always hear, of caution against haste, and of warnings against doing anything at the present time, makes one feel that the governmental machinery of this country consists only of brakes and safety valves without any forward propellers at all. The unreality of the situation becomes day by day more evident and such as none can appreciate. I am reminded, Sir, of a few lines from a certain poet whose name unfortunately I just now forget. The lines which were written in praise of a certain writer of fiction also make a reference to horsemanship and are typical of the wide professions and unreal endeavours of the Government of India. The lines are—

"I praise the firm restraint with which you write,
I am with you there of course,
You use the snaffle and the curb all right,
But where's the bloody horse !"

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I should first of all like to express my regret at the fact that His Excellency has chosen to be absent from this debate. I think courtesy requires that he should occasionally listen to what we have got to say, even though the formulation of defence policy is his sole concern.

[Mr. P. N. Saprū.]

I think the constitutional position in regard to the Commander-in-Chief needs to be revised even before the more comprehensive question of the Indian constitution is taken up. The presence of the Commander-in-Chief in the Legislature is an anomaly and if he feels that he ought not to be present here, a civilian member ought to be appointed to represent the Commander-in-Chief.

Sir, 23 years ago the goal of British policy was declared as progressive realisation of responsible government as an integral part of the British Empire. There was much controversy as regards the meaning of the Declaration of 1917. Lord Irwin in 1929 stated that Dominion status was implicit in the Declaration of 1917. After Lord Irwin's declaration a cloud was thrown on it by some references in the Joint Select Committee and other places, and it is therefore gratifying to find that His Excellency's declaration in his speech at the Orient Club makes a distinct advance over any previous utterance of any British statesman in regard to the objective of British policy. His Excellency has stated in the most categorical terms that the objective of British policy in India is Dominion status of the Statute of Westminster variety. He has further stated that hereafter the goal is to be expedited. In other words, what he says is that there is to be an accelerated realisation of the goal of Dominion status of the Statute of Westminster variety. Well, Sir, the question therefore is this, if your goal is Dominion status of the Statute of Westminster variety, what are you going to do to facilitate the achievement of this goal? You want to shorten the transitional period, you want to bridge it as effectively and as quickly as possible, and therefore the relevant question that we are entitled to ask is how do you propose to bridge this transitional period so far as defence is concerned? It is no use saying that there are obstacles in the way of achieving this goal so far as defence is concerned. You have been pointing to these obstacles for the last 60 or 70 years; you have been pointing them out since the last Declaration of 1917. What steps are you going to take to expedite the achievement of this goal so far as defence is concerned, for let us be clear as to what Dominion status is. Dominion status of the Statute of Westminster type would give India complete control over her defence policy, over her external policy and over her internal policy. The Governor General in a Dominion is not an agent of His Majesty's Government. The conception of the British Commonwealth is that of a free association of free and self-governing communities. Well, if that is the conception of Dominion status, it follows that India must be in a position to defend herself and we are entitled to ask you to help us to defend ourselves. Therefore you have necessarily to review your entire policy in the light of your recent Declaration. This means that you must be prepared first of all to review your policy in regard to the composition of the Indian Army. I look upon this question of the composition of the Indian Army as a very important question. I think the army should be an army not of professional soldiers but a real national army, an army open to all sections of His Majesty's subjects. I think it ought to be possible for a Madras to find a place in the army if he is otherwise fit to be a soldier; I think it ought to be possible for a depressed class man of the Bombay Presidency to find a place in the army if he is otherwise fit to be a soldier; I think it ought to be possible for other races and other communities which go unrepresented in the army to find a place in the army if they satisfy the test of physical and other fitness. Therefore I look upon this question of the composition of the army as a very important question. Next you have also to change the character of the officer personnel of the army. You have therefore to Indianize the officer

ranks of the army and when we say Indianize we do not mean Indianization in 50, or 60 or 70 or 80 years. We want rapid, rapid, very very speedy Indianization. In the last war you were able to turn out officers in four, six, eight months, a year. If there is the desire to train Indians for officer ranks, you will get the necessary supply. I think there is enough material in our Universities, schools and colleges to supply men who would be good officers for the army, and therefore you have to have a definite scheme of Indianization to be achieved within a reasonably short period of time, a definite programme; nothing less than a definite programme will satisfy the people of this country; nothing less than a definite programme will satisfy the aspirations of the people of this country. Sir, last year we had a Committee to go into this question; it was the Indian Sandhurst Committee. My friends the Honourable Mr. Kalikar, the Honourable Mr. Kunzru and the Honourable Lala Ram Saran Das, they decided to co-operate—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir A. P. Patro.

THE HONOURABLE MR. P. N. SAPRU: Sir A. P. Patro is a class by himself. I was going to say something. These three friends of mine decided to co-operate with this Committee. This Committee, Sir, as you know, was, if I may use a term with which we are familiar in this country, boycotted by the Congress and by the Muslim League. Even so they decided to co-operate with this Committee. Now, what has been the experience of Mr. Kunzru, what has been the experience of Mr. Kalikar, what has been the experience of Lala Ram Saran Das? All three of them did me the honour of consulting me before they actually accepted membership of the Committee. We all took the line—accept membership of the Committee. If you are accused of lack of patriotism, do not mind, but your duty is clear, go and work on this Committee. What has been their experience? Their experience is that this Committee has been adjourned *sine die* and the war is now given out as an excuse for not going on with the work of this Committee. Now, Sir, is that the way of rousing enthusiasm for the democratic cause? Do Government seriously believe that their declarations in regard to Dominion status will be taken seriously by people when they find that in actual administration they are doing nothing to facilitate the progress of India towards Dominion status? I think that Government should have proceeded with this Committee, they should have gone on with this Committee. The disbanding of this Committee has had a bad effect. I suggest it to the Defence Department that it is lacking entirely in imagination and that it should get some poets to co-operate with it to supply it with imagination. Therefore the question of Indianization of the officer ranks is of very very great importance and we want the Indianization of the officer ranks to proceed on a very rapid pace. Reference was made by the Honourable Mr. Kunzru to the Shea Committee's Report, to the Report of the Rawlinson Committee, to the Report of the Skeen Committee. Well, all these reports suggested an increase in the Indian element in the army. They suggested that the army could be Indianized within 30 years. I think the Shea Committee suggested that the army could be Indianized within 30 years. Nothing effective has been done so far as Indianization is concerned. We know that the annual intake is 60 cadets a year, but then many of these cadets replace platoon commanders and this system of abolition of the Viceroy's Commission has delayed the process of Indianization. Then another respect in which India needs self-sufficiency in the matter of defence is war industries. We want war industries to be stimulated, we want you to take up the manufacture of arms and ammuni-

[Mr. P. N. Saprú.]

tion in this country. We want you even to help Indian industrialists to manufacture aeroplanes in this country. The present war is being utilised by the Dominions for the stimulation of their war industries. Large orders are being placed with Canadian and Australian firms for the manufacture of armaments. Why is the present war not being utilised to stimulate industrial activity so far as India is concerned here? Then, Sir, it may be said that all this will result in extra expenditure. Do you want the army to be expanded, the size of the army to be increased? Well, all these questions have been answered in the very comprehensive speech which the Honourable Mr. Kunzru has delivered here. He has pointed out that no country, not even Great Britain, is self-sufficient in the fullest sense. We are all inter-dependent in one respect or the other. England needs the help of France, France needs the help of England; England needs the help of the Dominions, the Dominions need the help of England; India needs the help of England; England needs the help of India and needs it now at this time more than at any other time.

Sir, I do not take a pessimistic view so far as the future is concerned. I think, Sir, if England will courageously, honestly, vigorously, sincerely pursue the policy which is the only right policy, that of advancing self-government, then all the moral forces of the world will be on her side and she will pull through this war as she has pulled through other wars. But sincerity, courage, imagination are necessary on the part of British statesmen and I hope that history and time will show that they are not lacking in these qualities.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, I support the Resolution which has been so ably moved by my Honourable friend Pandit Kunzru. Sir, numerous committees have been appointed time after time to investigate this matter and every one of those committees that have gone into this question has invariably and uniformly reported about the suitability of India 'to take charge of her own defence irrespective of the different periods in which each committee was of opinion that this ideal could be achieved. Therefore, Sir, on the point whether India will at some date be in a position to take upon herself the duty of defending her shores and her territory, there is no dispute, and this has been answered in the affirmative.

Sir, my Honourable friend Mr. Kunzru has made it perfectly plain that his object in moving this Resolution, in making this proposal, was not to put the Government of the country to any extra expenditure inasmuch as he stated that all that he proposed for the Indian Army to do was to serve the purpose which the present army is doing in the country. Therefore, inasmuch as it does not entail any extra duty or responsibility, he made it perfectly manifest that it should be possible, with some effort in this direction, to see that in some reasonable way and in as short a period of time as possible, Indians might be enabled to take up their own defence in their own hands.

Sir, as has been observed by the previous speakers, the necessity for this, which has always been realised, has become more urgent and more imperative at the present time. The announcement which His Excellency the Viceroy has made recently makes it incumbent upon the people who are in charge of affairs in India to see that everything possible is done to give the necessary training and capacity to the Indians to take up the defence of their country. But, Sir, I may state this at the outset, as stated by some of my

friends who preceded me, that everything that had to be done in this respect has not been duly done. There is a feeling in the country that, even in spite of the difficulty that the Government find themselves in at present owing to the existence of war, even in spite of the difficulty, something might be done to go forward with the policy of preparing India for her defence. And it is felt, Sir, that instead of putting an obstacle in the way of making an advance in this respect, the present opportunity might be availed of to stimulate efforts in this direction. And I feel at one with those Honourable Members who think that this opportunity should be availed of to try and prepare India for her self-defence.

Again, Sir, there is one more point which makes it quite clear that the present is a very opportune moment when this matter could be taken up. As has been stated, both by me and by my Honourable friends who preceded me, there has been a number of committees who have investigated this question. There are statistics there already. So quite a major portion of the data necessary for a decision on this matter is already there. So that it should be possible for the committee which is now proposed to be appointed to come to a decision more easily and without having to collect all that data that has to be collected by the previous committees. And therefore, Sir, already been collected by the previous committees. And therefore, Sir, the proposed committee would be in a much better position than the previous Committees for this reason also that recently there have been some more facilities offered to the Indians for training at Dehra Dun. Thus there is some appreciable amount of the experience gained to decide as to what extent Indians have been able to take advantage of the facilities that have been offered to them for military training, how far they have benefited by the training they have acquired, and to what extent they have shown themselves to be competent to be entrusted with responsible positions in the army. With this experience, Sir, this committee might well be in a position to determine what period it should be when the experience and the training acquired by the Indian soldier would warrant his being given responsible positions in the army. Therefore, Sir, the proposed committee would have an additional advantage over the previous committees in this respect and the result would be that the proposals of this committee would have been arrived at with a better knowledge of the situation, with better information and with more reliable data to go upon.

Well, Sir, I do admit that it may not be possible to specify the exact period of time in which our ambition could be completely achieved but, when once we take into consideration the ordinary progress that has been shown by the Indian in this matter, the capacity which he has evinced to take advantage of the facilities offered to him, when all this is taken into account, it should be quite possible for the committee to lay down the rate at which Indians could replace British officers in the army. When once this scheme is formulated, it should be possible to have at least an approximate idea of the time it would take to give India self-sufficiency in the matter of her self-defence. Again, Sir, at the time when the previous committees worked, Dominion status was a very remote vista. It was not even visualized. Now, we are told that it is within the range of practical politics, that it is almost within sight. Therefore, Sir, it is necessary that India which is offered this status, this tempting offer to achieve her ambition, should be put in a position to make herself fit for the task which would devolve upon her of defending her shores when she becomes a full-fledged Dominion.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : Sir, it is somewhat disheartening that an important Resolution like this affecting the destinies of this country should be discussed before empty benches—

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THE HONOURABLE MR. P. N. SAPRU : No, they are not empty.

THE HONOURABLE SIR A. P. PATRO : That is your idea. You will see that the non-official benches are not—

THE HONOURABLE THE PRESIDENT : Do not argue. Please go on with your speech.

THE HONOURABLE SIR A. P. PATRO : Yes, Sir. —as good as the official benches. Sir, I appreciate indeed the ideal and the hope underlying the Resolution. It is the desire of every Indian to see his country self-sufficient in the matter of defence, and there should be national defence of the country. No one would wish that his country should be indefinitely supported or defended by an extraneous agency and that India should not have the necessary material and equipment for defending herself. But the facts are there. The question underlying this Resolution is that there should be a committee to inquire into and work out a scheme for self-sufficiency in the matter of self-defence of India. But I am afraid that this Resolution at this juncture is untimely and, I would say, undesirable. One part of the scheme proposed was the nationalisation or Indianization of the army, navy and air force. With regard to two, namely, the army and air force, a committee was sitting making very important inquiries and collecting very valuable material, and it had only to record its conclusions when the war broke out and it was not possible for the military officers of the Government of India, who were sitting on the committee, to be able to be present and carry on the work; hence the work of the committee was suspended, much to the regret of the members of the committee and the Government. Now, this Resolution suggests the appointment of a committee composed of the representatives of the British Government and of the Government of India. While the war is going on—and we receive daily very anxious reports—is it possible for the British Government to depute military experts to sit on the committee or the Government of India to spare officials to sit on the committee, to be able to collaborate with the representatives of India and work out a scheme at this juncture? It is no doubt a very good suggestion that a committee consisting of representatives of all should sit together and prepare a scheme of self-sufficiency. But is it practicable under the circumstances to be able to do it now? The Resolution, if it is intended to be given effect to at this juncture is, I would submit, not at all practicable from the point of view of reasonable persons. I do not speak on behalf of any of the Government officials because they can defend themselves. But what I do say is, to my mind it seems that however useful a purpose the Resolution will serve in the end, it is not at all desirable in the present circumstances when we are faced with the greatest danger, war. The very existence of things are doubted and in the face of such events it seems to me that the Resolution cannot be a practical one. In addition, we have the assurance of the Government of India. His Excellency the Viceroy issued a communique on the 5th February in which it is stated that as a result of the discussions between himself and another leader of a political party, all these questions relating to India's Dominion status will all be considered very fully in consultation with the representatives of Indians soon after war is over, and when the time is ripe for such consideration, the question of the defence of India, which raises very many issues, complicated and difficult, will be considered and thrashed out by a committee appointed by the Government

In view of this assurance, it seems to me an additional ground why this Resolution is unnecessary at present. The communique says :—

"With regard to the issue of defence in a Dominion position, he made it clear that His Majesty's Government were only too ready to examine the whole of the field in consultation with representatives of all parties and interests in India when the time came. His Excellency drew attention to the fact that, as he recently repeated at Baroda, the Federal scheme of the Act which at present was in suspense, afforded the swiftest stepping stone to Dominion status and that its adoption with the consent of all concerned would facilitate the solution of the many problems that had to be faced in that connection"

The communique further says :—

"His Majesty's Government would be prepared to re-open the federal scheme, expedite the achievement of Dominion status and to facilitate the settlement after the war of the issues which it gave rise to," etc.

So, here is a definite statement made by His Excellency the Viceroy that these questions arising out of the consideration of the problem of Dominion status will be fully gone into by His Majesty's Government immediately after the war. In the face of this statement, as I said, it seems to me unnecessary that this Resolution should be discussed at present, however valuable it is for the purpose of Dominion status. The Honourable Member has rightly asked the question what is meant by Dominion status and he said it is no doubt well understood. But if Dominion status is as well understood, according to him, as it is in regard to Australia, if that is the position, then we have to consider the suggestions made by the Viceroy in his speech at the Bombay Club. Have his conditions and suggestions been satisfied to any extent? Are we anywhere nearer to Dominion status after the pronouncement made by His Excellency in Bombay? An unqualified offer has been made and now there is no dispute as to the objective of India, which has been made clear. But it was laid on the leaders of the various parties and interests to come to an understanding and agreement so as to accept this offer made by His Majesty's representative in India. The offer is there still and the responsibility is upon the people of this country, upon the representatives and leaders of the various Parties in the country. The difficulties and obstacles are too well known to all the leaders. The whole question is, have we been able to come to an understanding among ourselves as to what exactly we want in the form of Dominion status? Therefore, if I may respectfully suggest it, it is placing the cart before the horse to discuss the theory of self-sufficiency when we are not yet sure of the Dominion status we want. And I may ask, what is the spectacle in the country since the issue of this communique? We see a political party consisting of a few thousands four-anna subscribers arrogating to itself representation for the whole of India, the whole population of 370 millions, and claiming Independence. The Independence resolution of the Congress has followed the statement of the Viceroy, and there is the resolution which has been prepared for the Congress Conference in Bihar. That resolution and the statement made in the independence resolution clearly indicate that they do not want Dominion status. The majority Party in the country rejects the suggestion of Dominion status. Who else then in the country wants it? The Muslims? The independence resolution says that India must sever the British connection and obtain Purna Swaraj and obtain independence. That is the reply given to the communique. And this Congress resolution goes further. It says that Indian freedom cannot exist within the orbit of imperialism and Dominion status or any other status within the imperial structure. That is the reply given to the communique

[Sir A. P. Patro.]

It has been said throughout that a federal form of government is an integral part of the whole scheme of the Indian constitution. The whole thing would however go into revision if only Indian leaders would join hands together, co-operate and come to an understanding and then pursue the matter to a conclusion.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN (United Provinces West: Muhammadan): Sir, in supporting this Resolution, although I agree with the speakers on the other side as regards the preamble to this Resolution about the earnest desire and so on of the British Government to give Dominion status, I want to place my view before the House irrespective of that preamble. We have to see if the request that is made in this Resolution is one of principle, necessity and justice. If that is so, then whether Dominion status is coming soon or is not coming at all or something else is coming instead, is entirely beside the point, and effect should be given to this Resolution. In fact I was wondering and waiting to see how and in what words and by what reasonings any Indian can oppose this Resolution. I have just heard one of my Honourable friends opposing this Resolution, and while listening to him I came to the conclusion that what he said was the only thing that could be said by any one who thought of opposing it.

Now, Sir, we ought to consider why the Government is delaying the Indianization of the army and to make us self-sufficient for defending our country. There is a good deal of suspicion in that delay which has been expressed in the speeches charging the Government with trying not to let us have a national army of our own. My Honourable friend referred to the time when this effort began on the part of the British Government, namely, the Mutiny. Well, I do not want to charge any Government which rules the people of another race. It has always been the case that people who want to dominate over other people find excuses of all kinds to keep them as weak as they can so that the ruled may not be able to rise against the rulers.

THE HONOURABLE THE PRESIDENT: You dominated in your time also.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN: Well, Sir, I want to remove that apprehension or danger from the minds of the rulers. India is not a country; it is a vast continent. The time of the Mutiny has gone for good, and I honestly believe that if there is ever any revolution in this country it is not going to be an armed revolution; not because the principle of Mahatma Gandhi of non-violence, will be adopted by everybody, but because we are not capable of an armed revolution and we do not need to have an armed revolution at any time even if Indians decide to separate connection with the British people. India is so situated that it is only the will of the people which will be enough and will decide the fate of India. It is unfortunate that today there are dissensions among Indians themselves and there is no one will in India. The day we make up our internal differences and unanimously say that this is the will of Indians I am certain no power can defy that and no armed revolution would be necessary. Therefore what I want to impress is this. If India has got a national army, if India has got arsenals, if India is capable of manufacturing aeroplanes, tanks, motor cars and these things, then so long as India remains a partner within the British Empire it will really be useful and beneficial for the British people themselves. For instance, today, the British Government needs assistance from this country. Are we able, even if we desire, to give

that help to the British Government which is required from us? The answer is "No", except that we provide the British people with some men and some little money; we cannot supply arms, we have no aeroplanes; we cannot even manufacture them in India. Let us, therefore, have an army with full equipment worth the name of this vast country. It is entirely a different thing as to how the British Government and the people of India are going to adjust their relations. If their relations are friendly, then all those resources are at their disposal and if they cannot adjust their relations and there is a breach, then that army will not be used as Indians have only to take a unanimous decision and the effect will be given. The army would be entirely useless and only the will of the Indians will be the deciding factor.

Now, I must say that one finds about the committees formed for Indianization of the army that their reports are shelved and not acted upon or dilatory tactics are adopted. Though the recent Committee was adjourned *sine die* owing to war conditions yet a month after an announcement was made that the terms of reference of this Committee have been extended so as to include the Navy and Air Force. One fails to understand this joke. When the Committee has been adjourned *sine die* what was the necessity of this announcement? It is very difficult for one to understand unless it was merely done by the British Government to fool Indians while the Committee itself is absolutely dead and gone. After the war the conditions will so much change that some other excuse will be put forward, such as a different reference is required or a different personnel is necessary as neither the Congress was there nor the Muslim League was there and therefore something new will have to be started. I would like to impress upon the House that the objections taken is that it is inopportune at the present time is not practicable. I say it is quite the contrary. (Hear, hear.) It will help the present war because you are giving temporary Commissions, then you are having territorial regiments; we also hear that rifles and other war materials are being manufactured in India. If you accept the Resolution and you sincerely want to raise a national army worth the name of India and provide materials necessary for the defence of the country, you would utilise these very things which you are producing now. In the last war how many millions of people were produced by Lord Kitchener and in how much time? You are doing the same for this war. This is going to be, as it indicates, a war of a worse kind than the last war and huge preparations and huge sacrifices are necessary. Therefore, if you have a committee for the purpose asked for, that committee will be able to utilise and use these very things for the purpose after the war. This is the most appropriate time for setting up a committee. Now, you have got eminent military officers responsible for training the officers, for providing proper equipment and for manufacturing arms and ammunition required for the war. They can join the committee. I am quite certain that for this important work, the British Government and the Government of India will be able to depute officers and people from the non-official side will be willing to come forward and co-operate. I therefore think that this Resolution must be accepted, and the objection of the Resolution being inopportune should be withdrawn.

With these words, Sir, I support this Resolution.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. A. DEC. WILLIAMS (Nominated Official): Sir, I have been placed in a position of some difficulty by my Honourable friend, the Mover of this Resolution, as he has put down one proposition in his Resolution and advanced another in his speech. The Resolution speaks of self-sufficiency for India but my Honourable friend in his speech went out of his way to admit that complete self-sufficiency is impossible and he followed this up by specifying certain objectives for his proposed committee, which he described as manifestly reasonable and moderate. Well, Sir, Government are bound to take the Resolution as they find it and its strict terms are clearly impossible of acceptance. The essential requirement of the Resolution to which the preamble and the machinery are directed is self-sufficiency for India in respect of her defence. To this essential requirement the answer is and must be that it is not a question of the goodwill of His Majesty's Government or of the Government of India but of bare possibilities. It is manifestly impossible—and the Honourable Mover has frankly admitted it—to make India self-sufficient in the terms of the Honourable Member's Resolution, either at the present moment or at any foreseeable future. I would not wish to repeat the Honourable Member's own arguments dilating on this subject, more particularly from the point of view of naval protection. After all, the cost of even a single battleship would hardly be a popular item in any Indian Finance Budget. The Honourable Member is well aware that in these times a self-sufficient defence force must, if self-sufficiency implies the ability to cope with every kind of emergency, be highly specialised, highly mechanised and technically equipped to a degree which again would involve expenditure far exceeding anything which my Honourable friends opposite, if they are to be consistent, would care to see in any Indian Budget.

There is more to it than that. Modern war is enormously a matter of supply. On this subject, Professor Roberts in his book *The House that Hitler Built*—I do not suggest that it is authoritative but I think that Honourable Members will agree that it is common sense—says:—

"There are 34 materials without which a nation cannot live". (Of course that means, cannot without them wage war.) "Whereas the British Empire is largely dependent on outside sources for only nine of these, Germany has only two in ample quantities—potash and coal. That means that she must turn to the foreigner for all her supplies of 26 of these and a part of six more. Yet this is the Power that sees fit to launch a plan for complete self-sufficiency".

I do not quote this passage to suggest that we need take an optimistic view of Germany's war unpreparedness. She may have—it is virtually certain that she has—laid up vast reserves; and this must have been at enormous cost. But here again we are brought back to the question of finance. How many of these essential materials has India herself got? How many can she be sure, in the event of war and of her being dissociated from the British Empire, of getting? And in any case, how many can she pay for from her own finances? I would repeat that the kind of figures which any one catering for self-sufficiency for India, even on the scale contemplated by the Honourable the Mover in his speech, would have to face would frighten the framer of any Indian Budget. Even if the standard to be aimed at approximated to that which the Honourable Member mentioned in his speech as envisaged for Australia, it would involve an amount of expenditure which would place it outside practical politics at any rate for years to come.

The preamble to the Resolution and the speech of the Honourable Member indicate that he finds a necessary connection between Dominion status and defence self-sufficiency. He has cited the Australian objectives: but I would ask him what Dominion in point of fact within the Empire can hope to carry

on without the help of Great Britain, more particularly of her Navy? To put it baldly, the prospect of Dominion status, whether it be near or remote, does not make self-sufficiency in defence a reasonable or even a practicable proposition for India. I would quote the words of the Joint Select Committee on Indian Constitutional Reforms:—

"Indianisation is a problem which admits of no facile solution and least of all one based upon the automatic application of a time-table".

The Report goes on to say:—

"It is sometimes said that so long as the officer ranks of the Indian Army are not fully Indianised, complete self-government must be indefinitely deferred. We do not regard this as self-evident. There is no need to accept the theoretical proposition that India's civil and military progress must advance side by side".

I have endeavoured to show that self-sufficiency has no necessary connection with political advance, that complete self-sufficiency is a myth, and that even the degree of self-sufficiency envisaged by my Honourable friend is wholly impracticable at present, largely on financial grounds. It follows that to convene a committee to discuss a virtual impossibility is hardly a practical proposition.

My Honourable friend Sir A. P. Patro has pointed out very clearly the difficulties of running this sort of committee during a war. That is the justification—I fear it will not satisfy my Honourable friends opposite—for suspending the activities of the Indian Sandhurst Committee.

But it seems to me that my Honourable friend the Mover's proposals boil down to this, that the resources of the Empire should continue to be available for the defence of India whilst a scheme for progressively associating Indians with the defence of India is maturing. But that is precisely the position now obtaining. What Government are unwilling to do is to add at the present juncture to the lengthy list of committees which have met, not always with fruitful results, to deal with this and kindred subjects.

I am not prepared to admit lack of responsiveness of Government in the matter of Indianization. The Honourable Member has specified certain points of detail; but I hardly think that a speech on a Resolution of such wide scope as this is a suitable occasion to reply to those points of detail.

I recognise fully that the setting up of such a committee might produce happy political results. Against that have to be balanced considerations of practical utility, and in the balance Government regretfully find themselves unable to accept the proposals of the Honourable Mover of this Resolution.

Sir, I have to oppose this Resolution.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Mr President, I was rather surprised by the charge which the Honourable Mr. Williams brought against me. His charge shows, to my mind, his absolute inability to deal with the Resolution on the grounds on which I advanced it. Had he been able to do so, he would not have taken shelter behind difficulties of his own creation—

THE HONOURABLE MR. A. DEC. WILLIAMS: Your creation.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU—so far as the language of the Resolution is concerned. The Honourable Member should have understood that as I asked for self-government in respect of military matters in order that India might achieve Dominion status, help from the Empire in the hour of India's need was a corollary to that. The Honourable

[Pandit Hriday Nath Kunzru.]

Member said that self-sufficiency for India was impossible in these days and that what I was asking for was that the help of the Empire should be available while India was being progressively associated with her defence. Now, that was not what I had asked for. What I had said was that even when the Indian Army had been wholly nationalised, India had a right to expect help from England and the other members of the Empire because of their all being associated together in one organisation. There is another reason for it also and that is, that India has always come to the help of the other members—really Great Britain—when they have found themselves in trouble. In expecting, therefore, help from the other members of the Empire, India was asking only for fair reciprocity. To turn down my Resolution on the ground that self-sufficiency was not possible and to use merely verbal arguments to deal with the whole subject is neither fair nor in keeping with the gravity of the present situation.

Then, my Honourable friend referred to the Report of the Joint Select Committee on the Government of India Act and read an extract from it to the effect that it was not necessary to admit that civil and military progress should go hand in hand. I do not know to what extent the opinion of the Joint Select Committee in that respect is deserving of serious consideration. Perhaps, the authors of the Report were thinking of the circumstances in which the British colonies became fully self-governing. If so, they should have remembered at the same time that the continued presence of British troops in these countries after they had become self-governing was found to be an anomaly and that after the war there was no Dominion where a single British battalion or regiment was maintained. We are dealing not with things as they were in the past but with things as they are today. Besides, in asking for progress in respect of military matters so that India might be able to achieve Dominion status, I was only taking account of the argument that is daily urged against us by our critics. If this argument has no force, if we can have additional powers of administration in our country without military self-government, then why has it been used against us at any rate for a quarter of a century? Why did His Excellency the Viceroy point that out to Mahatma Gandhi when the two discussed the question of Indian Dominion status?

THE HONOURABLE THE PRESIDENT: You do not know the details of the discussion.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, I go by the communique which is an official document and which has been published in an official organ called *Indian Information*.

THE HONOURABLE THE PRESIDENT: Those are the broad points on which there was discussion, but what the many details were nobody knows.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: A thousand other things might have been discussed between His Excellency the Viceroy and Mahatma Gandhi to which no reference is made in the communique. Nevertheless the fact remains that His Excellency the Viceroy pointed out that the serious problem of defence required consideration and solution before the Indian desire for full self-government could be satisfied, and that is the only thing that we are concerned with. If what my Honourable friends Mr. Williams has said has been advanced as a real contribution to the debate and not merely as a debating point, it is not worthy of a moment's consideration. It is not

fair; it is not honest. When we ask for full control in military matters you say it has no necessary connection with self-government. When we ask for self-government you point out to us that we are unable to defend ourselves. You cannot have it both ways unless you mean to be absolutely unfair and to use any argument you like simply because you have the power at present to retain all authority in your hands.

Another point which my Honourable friend referred to was the question of supply. He pointed out that war is at present eminently a matter of supply. I think I am repeating his exact words, and he asked us how many of the 34 materials required for military self-sufficiency to which he referred India possessed. Well, how many countries are there that possess all of them? Is there even one country with the possible exception of the United States of America that possesses all of them? How many countries are there that possess even a majority of the materials referred to by him? Yet for all practical purposes the bigger nations are self-sufficient in the matter of military supplies. They however still want the help of other countries. They cannot take themselves out of the world. No nation can lead its life in a political vacuum. Foreign policy is merely a recognition of the fact that every nation has to take account of the existence of the rest of the world. It is an expression of the truth that in order to achieve the full life we are capable of we must have at least a few powerful friends in this world. When I ask for military self-sufficiency in the circumstances in which India is situated why is it assumed that I am forgetting this elementary fact? Why is it asserted by implication that if India asks for military self-government she must be prepared to stand on her own legs even in a serious crisis when no first class military nation at present can do that? Besides, though we may not possess many of the articles that are required for the manufacture of munitions, yet the Chatfield Committee recommended that the manufacture of munitions should be expanded so that India might produce all that was necessary for her requirements. Surely the members of the Chatfield Committee knew what they were about. I am sure they were aware of the verbal objections that clever people like Mr. Williams could urge against self-sufficiency in the production of munitions, but that did not deter them from putting forward a proposition which if rightly understood is eminently practical. Again, Sir, the other day the Defence Secretary stated in another place that such progress had been made in the manufacture of munitions that he expected that India would become self-sufficient in respect of her ordinary requirements, soon or after the war. I do not remember his exact words, but I have no doubt whatever that my Honourable friend Mr. Williams is aware of them. If I ask then for military self-sufficiency either in respect of the human material or of those supplies on which the fighting forces have to depend why should it be supposed that I am not speaking in the same practical sense in which the Chatfield Committee recommended the expansion of manufacture of munitions and in which Mr. Ogilvie spoke the other day in the Legislative Assembly? Sir, the arguments that my Honourable friend Mr. Williams has used to demolish a case which I did not advance, a case which the language that I have used if reasonably interpreted could not be held to put forward, the objections of principle that he has advanced, seem to me to have no force whatsoever in them. It was hardly fair of him that he should in a serious discussion use arguments that seem to me to be almost frivolous.

Sir, there is only one point more in the speech of my Honourable friend which I need reply to before I sit down. He referred with approval to the remarks that fell from my Honourable friend Sir A. P. Patro. I have no doubt

[Pandit Hirday Nath Kunzru.]

that he as invariably approves of Sir A. P. Patro's remarks as we disapprove of them. We are used to getting general support from Sir A. P. Patro but opposition on every specific point. Nevertheless I must say that I was surprised when he opposed my Resolution. When he was a Member of the Indianization Committee he gave interviews expressing strong sentiments on the subject of Indianization, and yet when a practical Resolution on the matter is put forward he does not find himself able to support it. Now the argument that he used against the acceptance of my Resolution was that the time was inopportune and that it was hardly to be expected that His Majesty's Government would be able to spare military officers to consider the question brought forward in my Resolution. Well, Sir, I remember that, notwithstanding the preoccupations connected with the Great War, His Majesty's Government did send military missions to other countries, because they thought that the missions would be able to achieve something of national importance.

THE HONOURABLE THE PRESIDENT: May I remind the Honourable Member that the Mover of a Resolution is only entitled to fifteen minutes by way of reply.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I had forgotten that, Sir. In the present war too, Sir, if it was necessary to send a mission containing military representatives to any country, say to the United States of America, His Majesty's Government would, notwithstanding their preoccupation with the war, be able to find the officers required for the purpose. They may not be able to find officers for doing important work in India, because they may feel that they can carry on the war with the aid of a few classes and without the full support of the people of India. If they could only feel that the support of Indians would be of more importance to them than an army, not merely in the immediate future but ultimately, they would be able to find not one but a dozen military officers to undertake those investigations on which the status, and consequently the self-respect and contentment, of the country depends.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"That this Council recommends to the Governor General in Council that in view of the earnest desire of His Majesty's Government that India should attain Dominion status at the earliest possible moment and their anxiety to shorten the transitional period and bridge it as effectively as possible, a Committee consisting of representatives of His Majesty's Government and the Government of India and non-official representative Indians be appointed to prepare a scheme for making India self-sufficient in respect of her defence."

Question put: the Council divided:

AYES—10.

Askuran, Hon. Mr. Shantidas.
Ataullah Khan Tarar, Hon. Chaudhri.
Chettiyar, Hon. Mr. Chidambaram.
Kalikar, Hon. Mr. V. V.
Kunzru, Hon. Pandit Hirday Nath.

Mahtha, Hon. Rai Bahadur Sri Narain.
Padshah Sahib Bahadur, Hon. Saiyed Mohamed.
Sapru Hon. Mr. P. N.
Sinha, Hon. Kumar Nripendra Narayan.
Yuveraj Datta Singh, Hon. Raja.

NOES—21.

Charanjit Singh, Hon. Raja.
Conran-Smith, Hon. Mr. E.
Devadoss, Hon. Sir David.
Dow, Hon. Mr. H.
Ghosal, Hon. Sir Josna.
Govindachari, Hon. Rao Bahadur K.
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.
Hydari, Hon. Mr. M. S. A.
Jagdish Prasad, Hon. Kunwar Sir.
Jones, Hon. Mr. C. E.

Khurshid Ali Khan, Hon. Nawabzada.
Lall, Hon. Mr. Shavaz A.
Lloyd, Hon. Sir Alan.
Menon, Hon. Sir Ramunni.
Mukherjee, Hon. Sir Satya Charan.
Nihal Singh, Hon. Sirdar.
Parker, Hon. Mr. R. H.
Richardson, Hon. Mr. J. H. S.
Russell, Hon. Sir Guthrie.
Sobha Singh, Hon. Sardar Bahadur.
Williams, Hon. Mr. A. deC.

The Motion was negatived.

RESOLUTION RE SENIOR GOVERNMENT INSPECTORS OF RAILWAYS.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): Sir, the Resolution that I desire to move reads as follows:—

"That this Council recommends to the Governor General in Council that Senior Government Inspectors of Railways for reporting on accidents, etc., be placed under the administrative control of some authority of the Government of India other than the Railway Board."

Sir, I do not propose to make a long speech on this Resolution. The commendation embodied in the Resolution has the support of the Pacific Locomotive Report and I shall just invite the attention of the House to certain parts of that Report.

Sir, the duties of an Inspector of Railways have been defined by section 4 of the Indian Railways Act. Those duties are:—

"(a) To inspect railways with a view to determining whether they are fit to be opened for the public carriage of passengers, and to report thereon to the Governor General in Council as required by this Act;

(b) To make such periodical or other inspections of any railway or of any rolling stock used thereon as the Governor General in Council may direct;

(c) To make inquiry under this Act into the cause of any accident on a railway;

(d) To perform such other duties as are imposed on him by this Act, or any other enactment for the time being in force relating to railways."

Now the important duty which I have in mind is this (c) "to make inquiry under this Act into the cause of any accident on a railway". Sir, it is greatly to the credit of the Senior Government Inspectors that they should have discharged their duties with as much independence as they have hitherto, but I think the principle of placing them under the Railway Board is wrong. This is what the Pacific Locomotive Inquiry Committee has got to say about the present position:—

"We understand that, under the Government of India Act, 1935, it is contemplated that the Inspectorate will be separated from the control of the Railway Board. This

[Mr. P. N. Saprū.]

is very desirable, in so far as it will eradicate the present anomaly of the Board being the Inspecting as well as the Executive Authority. We were informed that the Board fully appreciate the position, and would welcome the change, although it appears that, in practice, Government Inspectors have generally retained their freedom of judgment. We would only add that, for the efficiency and success of the new Inspectorate, the officers selected should have the assurance of permanence and continuity of appointment. It would, therefore, appear necessary to prescribe that persons selected will not normally revert to individual Railway Administrations, or to posts under the Railway Board, except in special circumstances".

And then they say, after noting the recommendations of the Acworth Committee and the Railway Retrenchment Committee :—

"The circles were reduced to five, under two Chief Engineers and three Deputy Chief Engineers; all are drawn from the Engineering Cadre of the State Railways, and are directly subordinate to the Railway Board. This may be embarrassing, particularly in the case of officers who may find themselves in the position of having to criticise the administration of a Railway to which they may later return".

Sir, it is not right that persons who have to perform judicial or semi-judicial duties should be under the control of the very authority they may have to criticise, namely, the Railway Board.

Sir, with these words, I commend this Resolution to the Members of this House.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I propose to follow the very excellent example set by the Honourable Mover and only say a very few words. First, I would like to thank him for the tribute he has paid to the independence of Senior Government Inspectors in the past. I can assure him that it was not because they had been bullied by the Railway Board in the past and made to conform to the views of the Railway Board that the proposal was put forward that they should be independent of the Railway Board.

As regards the Pacific Locomotive Committee's Report, I may say that Colonel Mount, before he made that recommendation, consulted me about it and I said the recommendation had my full support.

I think that is all I need say to indicate that Government accept this Resolution. We are not quite certain when we can bring it into effect but I hope it will be very shortly. Ever since the European Group last year in the debate on the Demands for Grants in the other House moved a cut motion on this, we have been examining the whole question and going into what machinery is required, and we hope to bring the new scheme into force in the very near future.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"That this Council recommends to the Governor General in Council that Senior Government Inspectors of Railways for reporting on accidents, etc., be placed under the administrative control of some authority of the Government of India other than the Railway Board."

Question put and Motion adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 14th March, 1940.

COUNCIL OF STATE.

Thursday, 14th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

CONDEMNATION OF THE OUTRAGE COMMITTED AT THE EAST INDIA ASSOCIATION MEETING RESULTING IN THE DEATH OF SIR MICHAEL O'DWYER, AND THE WOUNDING OF LORD ZETLAND, LORD LAMINGTON AND SIR LOUIS DANE.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab Non-Mahammadan): Sir, before we begin the business today, I ask your permission to give expression to our feelings of strong condemnation at the dastardly outrage which was made upon the life of Lord Zetland, Lord Lamington, Sir Louis Dane and Sir Michael O'Dwyer. Sir, it was a dastardly crime and I wish that our congratulations be conveyed to the Secretary of State on his providential escape, and also that our expressions of sympathy and condolence be conveyed to Lady O'Dwyer and our feelings of sympathy to the other injured dignitaries.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, it is no exaggeration to say that we were staggered to see the news in today's papers of the dastardly attack made on innocent persons in a most cowardly manner. The whole of India will, no doubt, express its profound sorrow and great regret on this action of the misguided man who did it. It is most unfortunate, Sir, that at a time when important developments are taking place, and sympathy between the Britishers and Indians was most required, an outrage of this nature should have happened. I associate myself with the sentiments expressed by the Leader of the Opposition:

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official): Sir, we cannot too strongly condemn the insensate action of a misguided man in committing this outrage. Sir, without any reason or any provocation he murdered an old man and injured three other persons. I do not want to say more than this. I was reminded, when I saw the news this morning, of the dastardly murder that was committed about the end of June, 1909, of Sir Curzon Wylie. I am afraid that this act will put the hand of the clock back by 25 years at least. I ask you, Sir, to convey our sympathies to the family of the late Sir Michael O'Dwyer and our congratulations to Lord Lamington, Sir Louis Dane and Lord Zetland, our Secretary of State, for the providential escape they have had.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): I associate myself, Sir, with all that the previous speakers have said.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): I would like to associate myself with everything that has been said except with one remark of Sir David Devadoss. I do not think that a single, misguided

[Mr. R. H. Parker.]

act, wicked and cruel though it may be, should upset the political aspect of the nation's position.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, I am sure there is no one in India who will not view with detestation and abhorrence the outrage that has taken us all by surprise. I can conceive of no circumstances in which so dastardly an outrage could be justified. I entirely agree with the previous speaker that this outrage can have no effect on the future political development of this country. But I cannot help feeling that this senseless act will render the position of the Indian students in England extremely difficult. I hope, however, that British public opinion will not visit the sins of one criminal on the innocent members of our community in England who have associated themselves with Englishmen in offering their services for checking Nazi aggression.

THE HONOURABLE MR. B. N. BIYANI (Berar : General) : Sir, I associate myself and the Congress Party with the sentiments expressed in this House.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House) : Sir, it is only right that the Council of State should take the earliest opportunity to show its abhorrence and indignation at the dastardly crime that was committed last evening in London. I am certain, Sir, that the sentiments which have been expressed by Honourable Members in this House this morning reflect the true and sincere sentiments of the whole country. Crimes of this nature blacken the fair name of the Indian people and do the most grievous harm to the progress of our country. Sir, I would request you to communicate to Lord Zetland our profound grief and indignation at the murder which was committed last evening and our sense of relief that he, Lord Lamington and Sir Louis Dane escaped with their lives, though injured. We wish to convey our deep sympathies to Lady O'Dwyer and her son in their bereavement and we earnestly pray that those who have been injured may speedily recover. I also earnestly hope that this insensate crime will not estrange the feelings of English men and women from Indians living in England and elsewhere, and I am sure that we have heard with profound relief and gratitude the sentiments which have been expressed by my Honourable friend Mr. Parker a few moments ago.

THE HONOURABLE THE PRESIDENT : Honourable Members, I desire with profound sorrow to associate myself wholeheartedly with the expression of indignation and sympathy which has been expressed by the elder statesmen of India in this Council. It is perfectly clear from what has been said this morning, and I am very glad to see a Congress representative has also joined in expressing his indignation and profound sorrow over this occurrence, I am able to state that the whole country will view with deep sorrow and indignation this incident in England. As all the other Members have said, it is a dastardly crime and there are no extenuating circumstances about it. Not only was one ex-Governor killed but two other ex-Governors have been wounded. One of them is Lord Lamington who has rendered valuable service to India and to the Bombay Presidency and who ever since his retirement has been pleading for the cause of Indians in England. We are also profoundly grieved that the Marquis of Zetland who was presiding on the occasion has also received injuries. I am sure every Party in India, every sect and every community will condemn this dastardly crime. The Indian traditional discouragement of violence will reassert itself in condemning the action of this misguided individual who has brought disgrace to this ancient and famous country. I shall

very gladly convey your profound sympathy to Lady O'Dwyer and her son in their bereavement. I shall also convey our Council's congratulations to the Marquis of Zetland and the two other ex-Governors on their miraculous escape from serious injury and I will assure them that the whole of India is profoundly unhappy over this tragic event.

QUESTIONS AND ANSWERS.

TERMS OF OFFICE OF THE DIRECTOR GENERAL AND DEPUTY DIRECTOR GENERAL OF ARCHAEOLOGY.

50. THE HONOURABLE MR. HOSSAIN IMAM : (a) Will Government state when the tenure of the present holders of the posts of Director General and Deputy Director General of Archaeology will expire ?

(b) Whom do they propose to appoint to these posts after the termination of the present holders' tenure.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) The post of Director General is not a tenure appointment. The tenure of the present Deputy Director General of Archaeology will expire on the 21st September, 1940.

(b) No final decision has been made regarding the appointment to the vacancy in the post of Deputy Director General.

THE HONOURABLE MR. HOSSAIN IMAM : May we know whether the post of Deputy Director General is a tenure post and what is the duration of the tenure ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : I am not sure, Sir, I would like to have notice of that question. As far as I know I do not think it is a tenure post.

THE HONOURABLE MR. HOSSAIN IMAM : From this report I find he was appointed on the 22nd March, 1937.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : I find I am mistaken, Sir. It is a tenure post and the tenure is three years.

THE HONOURABLE MR. HOSSAIN IMAM : He was appointed on the 22nd March, 1937 according to the Civil List. How is he carrying on till the 21st September, 1940 ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : He was given an extension.

THE HONOURABLE MR. HOSSAIN IMAM : When was it given ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : My Honourable friend could have easily put down these details in the main question instead of trying to cross-examine me on them. It was open to him to put all this down.

FILLING UP OF CERTAIN APPOINTMENTS IN THE ARCHAEOLOGICAL DEPARTMENT BY MUSLIMS.

51. THE HONOURABLE MR. HOSSAIN IMAM : (a) Will Government state whether Dr. Sir Ziauddin Ahmad wrote them a letter in summer last regarding certain appointments in the Archaeological Department ?

(b) If so, will they place on the table a copy of his letter and of Government's reply to it.

(c) If no reply was sent, will they say what have they done in regard to those appointments? Have the posts been filled or are proposed to be filled by the appointment of Muslims. If not, why?

(d) What is the criterion for filling these appointments; and in what respect do Muslim servants in the Department fail to fulfil those tests?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: (a) Yes.

(b) Government regret that they are unable to lay semi-official correspondence on the table.

(c) The first part of the question does not arise; in regard to the second part, no decision regarding the selection of a successor to the present Deputy Director General has been arrived at. The vacant post of Assistant Superintendent will shortly be filled by the appointment of a Muslim and Mr. G. C. Majumdar has been confirmed in the post of Superintendent of the Office of the Director General of Archaeology.

(d) The posts of Deputy Director General and Office Superintendent are filled by selection of the most suitable person available.

THE HONOURABLE MR. HOSSAIN IMAM: Regarding part (c) of the question, if a reply was sent the question would not arise. Does it mean then that a reply was sent?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: Oh yes, Sir, a reply was sent.

DISCRIMINATION AGAINST MUSLIM EMPLOYEES IN THE EDUCATION, HEALTH AND LANDS AND ARCHAEOLOGICAL DEPARTMENT.

52. THE HONOURABLE MR. HOSSAIN IMAM: (a) Will Government state whether they received a representation from the Muslim Rights Protection Board, Lahore, regarding discrimination against Muslim employees in the Department of Education, Health and Lands and Archaeological Department? If so, will they place a copy of it on the table of the House.

(b) Will they state whether the allegations made in the representation are correct; if not, in what particular respect are these wrong? Will Government state which of the instances quoted therein are wrong?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: (a) and (b). I would refer the Honourable Member to the reply given by Sir Girja Shankar Bajpai to Mr. Ghiasuddin's starred question No. 968 in the Legislative Assembly on the 10th March, 1939.

APPOINTMENT OF SIR LEONARD WOOLLEY TO INQUIRE INTO WORKING OF ARCHAEOLOGICAL DEPARTMENT.

53. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state:—

(a) On whose advice they appointed Sir Leonard Woolley to investigate into the Archaeological Department?

(b) What were his special qualifications for this work?

(c) What was the honorarium paid to him and the total cost of the inquiry?

(d) Was he verbally assured that he could adjudicate on the capacity of the staff of the Department? If so, who gave this assurance?

(e) Have Government considered the report? If so, what are their conclusions?

(f) What are the names and qualifications of the persons appointed and of those rejected whose cases are referred to in paragraph 36 of the Woolley Report?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: (a) It is not the practice of Government to disclose the nature or source of confidential advice they may receive in matters of this nature.

(b) I would invite the Honourable Member's attention to the Press Communique, dated the 16th June, 1938, a copy of which was laid on the table of the Legislative Assembly on the 7th March, 1939 in reply to Mr. K. S. Gupta's starred question No. 815.

(c) As regards the honorarium paid to Sir Leonard Woolley, I would refer the Honourable Member to the statement laid on the table of this House on the 20th September, 1938, in reply to the Honourable Raja Yuveraj Datta Singh's question No. 146. The cost of inquiry was indicated in part (d) of the reply to Mr. K. Santhanam's starred question No. 63 in the Legislative Assembly on the 9th August, 1938 to which the Honourable Member's attention is invited.

(d) Sir Leonard Woolley was asked by Government to make such investigations as he considered necessary for the purpose of making a complete report.

(e) The report is under consideration.

(f) A statement showing the names and qualifications of persons appointed during the past five years is laid on the table. In regard to the second part of the question Government do not receive the details of candidates not recommended by the Federal Public Service Commission and are not therefore in a position to supply the information required.

THE HONOURABLE MR. HOSSAIN IMAM: On page 1 of the Woolley Report it is stated that he was verbally assured that the more complete the report the more it would be welcomed. Who gave this assurance?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: I think my Honourable friend has got a Resolution today on this subject and if he raises that point then I shall probably by that time be able to secure the information he requires.

THE HONOURABLE MR. HOSSAIN IMAM: And regarding part (f), there is also in the report a great condemnation for rejection of some particular person.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: As my Honourable friend is discussing the report I think he might postpone these points till then.

Statement laid on the table in reply to part (f) of question No. 53 by the Honourable Mr. Hossain Imam.

Persons appointed to the Archaeological Department after consultation with the Public Service Commission during the past five years.

1. Dr. B. C. Chhabra, M. A. First class of the Punjab University; M. O. L. Studied Indian and Indo-Japanese Archaeology, Pali and old Javanese and Epigraphy at the University of Leiden and awarded Ph. D.

2. Mr. T. N. Ramachandran, M.A. Second class of Madras University. University Gold Medallist for proficiency in Sanskrit language and literature. Worked for ten years as Archaeological Assistant in the Government Museum, Madras.

3. Mr. A. Ghosh, B.A. 1st class, M.A. 2nd class of Allahabad University. University Research Scholar and United Provinces Government Research Scholar. Training in archaeological excavation under Mr. N. G. Mazumdar, Superintendent, Archaeological Survey, and in Indian Museum, Calcutta.

4. Mr. C. C. Das Gupta, M.A. of Calcutta University. Held Khaira Research Scholarship and Premchand Roychand Scholarship. University Gold Medal and Prize for M. A. examination in Ancient Indian History and Culture.

VALUE OF ORDERS RECEIVED BY THE SUPPLY DEPARTMENT FROM VARIOUS GOVERNMENTS.

54. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Has the Supply Department received orders from various governments amounting in value to over Rs. 14 crores?

(b) What is the value of orders placed for each of the following articles:—

- (i) Sandbags and hessian,
- (ii) Tea,
- (iii) Munitions, and
- (iv) Steel?

THE HONOURABLE MR. H. DOW: (a) Yes. This figure excludes munitions and military equipment supplied by the Master General of Ordnance.

- (b) (i) About Rs. 10 crores 11 lakhs.
- (ii) About Rs. 2 lakhs 35 thousand.
- (iii) It is not in the public interest to reply to this part of the question.
- (iv) About Rs. 48 lakhs and 57 thousand.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: With regard to the answer given by the Honourable Member to item No. (iii) of part (b) of the question, am I to understand that munitions are not included in the total of Rs. 14 crores referred to in part (a) of the question?

THE HONOURABLE MR. H. DOW: Yes, Sir.

FUNCTIONS OF THE DEFENCE SUPPLY COUNCIL.

55. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) What are the functions of the Defence Supply Council and who are its members?

(b) How often has it met since its constitution?

THE HONOURABLE MR. H. DOW: (a) The Defence Council of Supply consists of His Excellency the Commander-in-Chief and Defence Member as Chairman and the Honourable Supply, Commerce and Finance Members as members. Its functions are to deal with matters of war supplies, either of its own initiative or on reference from the War Supply Board.

(b) Twice.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Can the Honourable Member mention the dates when this Council met?

THE HONOURABLE MR. H. DOW: I am afraid I should require notice of that. I have not got the dates ready.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Could the Honourable Member tell me whether the Council was consulted with regard to the appointment of the gazetted staff or the Liaison Officers and Controllers?

THE HONOURABLE MR. H. DOW: Sir, the War Supply Board is vested with the powers of Government. The War Supply Council is kept informed by a daily statement of everything of importance which is done in the Department of Supply, and of every important reference that is either received or goes out. At the end of every week a weekly statement of the more important action is given to all the members. It is open to any member of the War Supply Board who finds himself unable to accept a decision to refer the decision to the Defence Council, and the Defence Council can itself take up any matter of its own initiative.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I take it that the Defence Supply Council has the power to alter a decision already arrived at by the War Supply Board Department?

THE HONOURABLE MR. H. DOW: Yes, Sir, certainly.

INTRODUCTION OF LEGISLATION TO PROVIDE FOR APPEALS IN CIVIL CASES FROM HIGH COURTS TO THE FEDERAL COURT.

56. THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN: (a) Are Government taking any steps to introduce legislation for the appeal to the Federal Court of India from the High Courts in civil cases?

(b) If the answer to the above question is in the affirmative, what are the steps taken and whether it is likely to introduce legislation in the next session?

THE HONOURABLE MR. E. CONRAN-SMITH: (a) The Government of India have the matter under consideration.

(b) The Government of India addressed Provincial Governments on the 8th February, 1940, asking for their views on the question of enlarging the appellate jurisdiction of the Federal Court in the manner provided by section 206 of the Government of India Act. The question of legislation cannot be considered until the replies are received.

RESOLUTION RE CONTRACTS FOR SUPPLIES OF FOOD, ETC., ON RAILWAYS.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern Non-Muhammadan): Mr. President, I beg to move the following Resolution:—

"That this Council recommends to the Governor General in Council to instruct the authorities of all the railways to adhere to the following principles in giving contracts of foods, eatables and drinks:—

- (a) the contract should be given, where possible, preferably to local contractors and in no case should any monopoly of contract be permitted;
- (b) the railway administration should not attempt to derive monetary profit from contractors;
- (c) the articles should be sold at market rates; and
- (d) no contractor should be allowed to sublet in any case."

[Mr. P. N. Sapru.]

Sir, the question of food supplies on railways is an important one. Healthy food cleanly served at moderate rates is something which passengers value, is something which passengers travelling on railways have a right to expect. Further, Sir, we have today rail-road competition and if the food supplied is not satisfactory, traffic may be diverted from the railways to the lorries and buses. Good food, Sir, is something which we all value—even Members of this House value it. Sir, I have in my Resolution enunciated certain principles and I am not interested in any contractor or in attacking any particular contractor. I am not here to plead the cause of one contractor or the other or to condemn any contractor. Further, Sir, in order to avoid any misunderstanding, I should like to say that personally I have no grievance against the refreshment rooms. I have some experience of the Delhi refreshment room and I am free to confess that I have personally found the food at the Delhi Hindu refreshment room and the Muslim refreshment room fairly satisfactory. I want to make it clear that I am not attacking any individual or any individual firm in this Resolution. I am raising a question of principle. Sir, I am suggesting that the contract should be given according to certain principles because I think that in the public interest it is desirable that the various Railway Administrations should follow a uniform policy in regard to the matter of food supply, that the principles to be observed by the Railway Administrations should be as far as possible uniform in regard to this matter. Today one Agent has one policy, one General Manager has one policy and another Agent has another. This is what I wish to avoid and this can be done by co-ordinated effort and direction from the Central Railway Authority, namely, the Railway Board. Now, Sir, I will invite, with these preliminary remarks, attention to the principles which are found embodied in the Resolution and I would say that on a close examination it will be found that these principles are sound. The first principle I enunciate is that the contract should be given—I have qualified this by the words “where possible”—“preferably”—that again is a qualifying word—to local contractors and in no case should any monopoly of contract be permitted. Now, Sir, I say local contractors preferably, because as we know tastes in different parts of the country differ. The food which is to the taste of the Bengali in Calcutta is not the same which is to the taste of the Punjabi in Delhi. There is no standardised food in India. English food is much the same all over, but there are local variations so far as Indian food is concerned. The type of food which people in Calcutta like is not the type of food which exactly the people in Delhi like. Therefore local contractors are in a better position to deal with the requirements of their particular railway stations.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: The contractor can keep a cook, Sir, a Punjabi cook, easily.

THE HONOURABLE MR. P. N. SAPRU: Yes, it is quite true that he can keep a cook but the supervision is his, the direction is his, the brain is his. The cook will cook according to the directions given by the contractor. Also, I think, Sir, local talent should have some patronage from the Government. In my own town of Allahabad I find that a large number of sweetmeat vendors and betel sellers have been given notices. They are not going to be allowed to supply any food at Allahabad railway station. So far as Indian food is concerned, Sir, we know there is a distinction between *kutchra* food and *pukka* food. That is to say the *pukka* food is *puris*, *kutchauris* and *metais*. All that is classed as *pukka* food. These used to be supplied at railway stations by local vendors. So far as *kutchra* food is concerned, that includes meat,

rice and vegetables and *chappattis*; all that is classed as *kutchra* food. Now the contractor for the *kutchra* food, for refreshments proper, has also been given the contract for the *pukka* food, with the result that a large number of people who were dependent for their living upon supplying food to passengers at railway stations have been thrown out of work. Now, it cannot be said that, as a result of this arrangement, efficiency has increased. I do not think that the quality of the food has gone up. I do not say necessarily that the quality of the food has gone down. I have no experience so far as this is concerned. But if a man gets a monopoly, then the incentive to effort is lost. He knows he can charge what prices he likes. He knows he has no other competitor in the field. He becomes careless. Only competition we find, if we are working a system of individual economy, is essential for efficiency. Therefore, Sir, I say that this system of giving a contract to one contractor *on a whole line* is wrong and it should be reconsidered. That is the first point that I raise in my Resolution.

Then, Sir, the second point which I raise in my Resolution is that the Railway Administration should not attempt to derive monetary profit from contractors. I understand that a licence fee is charged from contractors. Now, Sir, from those who are allowed to sell things at railway stations. Now, Sir, railways are a public utility concern and for the convenience of the passengers it is necessary that there should be proper food supplies and it is not desirable that you should use this necessity to make a profit out of those who cater on railways.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official): Then how would you propose to limit the number of caterers?

THE HONOURABLE MR. P. N. SAPRU: Well, Sir, you must devise other methods for limiting the number of caterers. Select the man who you think will cater properly. Because a man is prepared to pay a good licence fee, it does not follow that he is necessarily a good caterer, and the criterion you must have is the fitness of the man for catering, not the fitness of the man for paying a particular licence fee. If a man has got to pay a licence fee, necessarily he must pass it on to others and charges at railway stations have necessarily to be higher. If I have got to pay say a heavy sum to the railways, I would like that sum to be passed on to the consumer. And it is not, therefore, in the interest of the travelling public that the railways should make any substantial profit out of these contractors. It may be necessary for you to have a small licence fee. The words that I have used are “derive any monetary profit” and therefore Sir David Devadoss’s objection has been anticipated in the Resolution as I have framed it.

Then, Sir, the third point that I emphasise in the Resolution is that the articles should be sold at market rates. Now, Sir, I may say frankly that I am not myself quite satisfied with this clause. Its wording needs a little revision. I should have said and I have failed to say that they should be sold “as far as possible” at market rates.

THE HONOURABLE THE PRESIDENT: What do you mean by market rates?—the rates at which the articles are selling outside?

THE HONOURABLE MR. P. N. SAPRU: In the bazaar.

THE HONOURABLE MR. SHANTIDAS ASKURAN: Then what about the fees they have to pay?

THE HONOURABLE MR. P. N. SAPRU: That is exactly why I say I am not quite satisfied with my wording here. The articles should be sold as far as possible at market rates.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: You might say "at a reasonable price."

THE HONOURABLE MR. P. N. SAPRU: Yes, Sir. The point is that the price must not be exorbitant, must not be excessive. Of course, if I am selling my goods in the market, I have a larger public to cater for. But there are times when I cannot sell anything on the platform, and then I have got to bring my goods to the railway station. If necessary, I should be allowed for this reason to charge higher rates; but the charges should not be unreasonable, should not be exorbitant, should not be much more than the charges in the open market. That is really what the Resolution intends to convey though I am free to confess that the wording is not as happy as it might well have been.

THE HONOURABLE THE PRESIDENT: Who is to decide what the market rate is?

THE HONOURABLE MR. P. N. SAPRU: Everybody knows what the market price is.

THE HONOURABLE MR. HOSSAIN IMAM: Especially now that we have market controllers.

THE HONOURABLE MR. P. N. SAPRU: Now, Sir, I am told that the prices in Tundla are fairly high. Milk is sold at 3 to 4 annas a seer, *sundaish* at one rupee a seer, *puris* at 12 annas a seer, and so on. Therefore, the prices at which these articles are sold at the railway stations should be looked into and we should try, as far as possible, to see that the prices charged are not exorbitant having regard to all the considerations involved.

Then, Sir, the last point that I urge in this Resolution is that no contractor should be allowed to sublet in any case. I certainly object to this subletting business. This means the addition of other middlemen. If a contractor is allowed to sublet, then he begins to share his profits with other middlemen. This results in the lowering of the quality of the foodstuff and the raising of the price of food. If a contractor takes up a contract, then there should be personal supervision on his part. We know as zemindars what the *theka* system is. The *thekadar* tries to make as much profit out of the zemindari which is leased to him as he can, and what is true of zemindars is also true of the contractor and the sub-contractor—

THE HONOURABLE SARDAR BUTA SINGH (Punjab: Sikh): You are talking of zemindars in the United Provinces?

THE HONOURABLE MR. P. N. SAPRU: We have got a different zemindari system from that of the Punjab. Therefore, this principle is a right principle. I know that this question has been under the consideration of the Central Advisory Council on many occasions. There have been discussions in the local Advisory Councils also. I do not wish to go into the history of this question. I have tried to put the case on general and impersonal grounds, and I think I have made out a case for investigation, on the lines recommended in this Resolution, by the railway authorities.

Sir, with these words, I commend my Resolution to the acceptance of the House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the Resolution which has been moved by my Honourable friend Mr. Sapru. I might explain that by monopoly, the intention of the Mover is that monopoly means exclusive right of sale of foodstuffs at stations more than one. He has himself explained what he means by bazaar rates. As the Honourable the President asked a question how to adjudge the bazaar rates, I might inform the House as well as our Honourable the President that in every tahsil, in every district, a rate list is kept giving the rates of everything. However, Sir, to ask that the bazaar rate should apply to the station vendors dealing with foodstuffs is not right. They have to pay their ordinary *dastur* to the station staff, which of course will prevail all through. As long as it is normal, it is what we call a *dastur*. But, over and above that, he has to pay a licence fee, and that licence fee sometimes is Rs. 2,000.

THE HONOURABLE MR. SHANTIDAS ASKURAN: Sometimes more. At Ahmedabad station, he pays about Rs. 5,000, if I am not wrong.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: My information is, Sir,—I cannot say how far it is right or wrong,—that at certain stations something like Rs. 7,000 and Rs. 10,000 are paid every year. I did put a question to one of the contractors who came to see me—of course those contractors concerned, I may say, have been canvassing us—and I was told that on the E. I. R. the total amount paid as licence fee and other fees was over Rs. 50,000 a year by Vallabhdas Isherdas. When Government accepts half a lakh or more from one contractor, that money has to come out of the pockets of the travelling public. When there is absence of competition, the poor people suffer. I know, because I am one of those who prefer Indian food, and I take Indian food while I am travelling. I can say with personal knowledge where the service and quality is the best. I must say, Sir, that giving the monopoly to one firm is not in the interests of the travelling public. The Honourable the Communications Member observed in the other House while speaking on a similar Resolution that the Central Advisory Council has been asked to give fresh opinion on this subject. I have experience of the Central as well as the local Advisory Committees and my impression is that sometimes the authorities accept the recommendation and at other times they simply throw it away. As illustration I will give one instance. When I was on the N. W. R. Advisory Committee, and when the metal venetians were introduced, the Committee strongly objected to them because in the summer the metal got very hot and in the winter it got very cold, and the result was inconvenience to the public. The then Agent of the Railway accepted that recommendation. But what do we find in practice? That recommendation should be somewhere, but nobody cares for it, and the venetians are still going on in all the new coaches that have been built. However, Sir, in this House there are persons who travel a lot and who know where good and bad food is served, and I can say with my personal experience that wherever you give a monopoly of a number of stations to one man, the quality of the food deteriorates and it is not in the interests of the travelling public that one firm should have a monopoly in vending foodstuffs, replacing hundreds of poor but efficient vendors of old standing.

[Rai Bahadur Lala Ram Saran Das.]

Sir, reference was made regarding the catering of European food. My Honourable friend the Mover has already observed that as far as European food is concerned, it is of one type throughout India and therefore the necessity of dividing it does not arise. My own information, while I was on these Advisory Committees, was that some of the restaurant cars did not pay and the result was that the Railway was inclined to give them refreshment rooms at the various places to enable them to make their way. If I am wrong, the Honourable the Chief Commissioner will put me right. But what do we find here? As far as the Delhi station is concerned, my information is that the contractor pays about Rs. 7,000 a year as licence fee, and if I mistake not, tenders of over Rs. 12,000 a year were received, though not accepted. Still, Sir, to charge heavy licensing fees from these refreshment rooms and other vendors of food-stuffs is putting the public to inconvenience and loss. They are instrumental in raising the prices and for the deterioration of food. I can say from my personal experience that generally speaking such contractors and food vendors do not use pure ghee. Instead they use vegetable product which produces a suffocating sensation in your throat. (Laughter.) It is a fact, as those who have experienced it know. It produces sore throat and so on, and the food is not tasty at all. I must say that the supervision of the railways as far as this matter is concerned is most inefficient. But these poor fellows have to do so in order to meet their heavy overhead and miscellaneous expenses in meeting the demands of the staff in the shape of *dastur* in addition to licensing fees. They have to raise the prices and the travelling public suffers. Therefore I strongly support what the Honourable Mr. Sapru has said.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhamadan) : Sir, I have no doubt my Honourable Friend Mr. Sapru, the Mover of the Resolution, will be very much liked by the public for taking an interest in travellers in the country. Sir, he wants to give good food at cheap competitive rates. Cheap competitive rates mean the rates obtaining in hotels and food vendors in the market. And he wants the best quality. That is very easy to expect but how can these people afford to do it? They buy these licences at the highest price. It is an open auction and generally the highest bidder secures the contract. It is for this reason that they have to charge high rates and also supply in return the poorest quality of food. Therefore, if the public expects, and rightly, to get better food, this system must be abolished. And the question of the continuance of this system should be considered, not necessarily by a committee, but by the authorities concerned.

As regards subletting of parts of these contracts, I agree with my Honourable friend Mr. Sapru that it should not be allowed.

Thirdly, I think that although we the Members of this House understand this question well, the Passengers and Traffic Relief Association which also takes a great interest in the matter is more qualified to express an opinion on this question. Yesterday I received some information from the Chairman of that Association about this question. The Passengers and Traffic Relief Association has given a good deal of consideration to this question and they believe that the giving of contracts for tea and food stalls on different railway stations to small local men often leads to deficiency in service, as the man has to depend solely upon the earnings of that particular station; whilst if the contracts were given to a big contractor he can invest sufficient to ensure good and efficient service and also satisfy the travelling public, because even if he loses on certain stations he can make up his loss on others. This is the information supplied to me by the Chairman of that Association, and I would rather

rely on that than on my own superficial knowledge. At the same time about the other two points, the abolition of the high licence fees and subletting, I entirely agree with the Honourable Mr. Sapru.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-Official) : Sir, just a few words for the information of the House. I am on the Central Advisory Council, and this matter was settled last year, and I think the question should not be reopened from time to time. Let an opportunity be given to the working of the settlement arrived at by the Council, which we will discuss, the question of monopoly, etc., again tomorrow.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, as a member of the Central Advisory Council, for Railways I was rather surprised to find this question raised again in the other House as well as in this House. I do not challenge the right of this House to give us directions in this matter and I am bound to follow such directions if given by this House, especially in this matter. If the House desires to lay down certain principles we shall abide by them and we shall bring influence to bear on the railway authorities in the Central Advisory Council to act up to them. Well, Sir, in the last meeting at Simla this question was discussed by the Council and the report of the Council says :—

“Should the contract be given to local professional men or would more satisfactory results be obtained by giving contracts by areas or sections. The Council unanimously agrees that this thing could best be left to the various railway administrations to decide subject to their consulting the local Advisory Committees”.

Sir, it is rather surprising to me in view of the discussion of this question at Simla in the Central Advisory Council what reasons led those Members who actually took part in the deliberations and who came to a decisive conclusion on this matter to raise it again. I cannot understand myself.

THE HONOURABLE THE PRESIDENT : Was Mr. Sapru there? If not, why should he not move?

THE HONOURABLE MR. V. V. KALIKAR : No, he was not there. I said at the beginning that if he thinks there are causes for complaint the House has a right to voice them, and we shall abide by its decision.

Sir, I find that in the other House the Members who unanimously agreed made again complaints about this matter. Now, let us take the question one by one. The first point raised by my Honourable friend Mr. Sapru is about monopoly. Sir, I also do not like monopoly, but there are merits as well as demerits of monopoly. If by monopoly my friend means that a station platform should be turned into a bazaar and that for a certain article there ought to be a large number of contractors, then certainly there would not be any monopoly. If you give a contract for a certain article on a certain station to one man or even to two men, then, Sir, monopoly arises there. I do not think that my Honourable friend Mr. Sapru has in view this sort of situation. I do not think he agrees—

THE HONOURABLE MR. P. N. SAPRU : Competition should not be eliminated.

THE HONOURABLE MR. V. V. KALIKAR : Does my friend mean to say that on the station platform there ought to be so many contractors, that for

[Mr. V. V. Kalikar.]

one or two articles there ought to be 10 or 15 contractors and that the platform should be turned into a bazaar? Sir, the only principle according to me that ought to be followed in giving these contracts is that the travelling public must get good and wholesome food at a reasonable cost.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Pure.

THE HONOURABLE MR. V. V. KALIKAR : I have said good and wholesome food at a reasonable cost. If a petty contractor can afford to give the travelling public good and wholesome food at a reasonable cost, I do not like a big contractor to come in, but if the petty contractor is not in a position to give good and wholesome food at a reasonable cost to the travelling public, certainly the Railway Administration must look into the matter and if they find a big contractor who can finance this properly, who can give good service to the travelling public and who can sell his articles at a reasonable cost, I think the Railway Administration should not in any way shut out those big contractors. It is after all a question in the interest of the travelling public and not in the interest of a particular contractor—a big or a small contractor. I am not interested in any one contractor, a big contractor or a small contractor. I look to the interest of the travelling public and if the travelling public is satisfied with a petty contractor or if the travelling public is not satisfied with a big contractor, it is the duty of the Railway Administration to look to the interest of the travelling public and see that catering is managed efficiently and at a reasonable cost. There are various difficulties in the way and therefore, Sir, at the last meeting of the Advisory Council we decided that this matter should be left to the discretion of the Railway Administration. Then, about the rates, my friend has changed his position. I am very glad to find that my Honourable friend himself admits that this clause is not properly worded. That is my experience of purchasing food at the railway station, that you cannot afford to get good food at the railway station at the same cost as in the bazaar. There the contractor has to incur certain additional expenditure; there the contractor, whether he is a big contractor or a small contractor, has to pay reasonable fees as licence or rent fees to the Railway Administration; he has to engage certain servants and his catering is limited to a very limited number of customers and therefore he has to charge something more. I am glad that my Honourable friend appreciates the position and has admitted that the railway contractor has to charge more for the articles he has to sell to the travelling public on the station. Then, the last question is about subletting of contracts. If my information is correct—I do not know whether it is correct or not—but if my information is correct, I think the Railway Administration do not allow the contractor to sublet the contract. If I am wrong my Honourable friend the Chief Commissioner for Railways will correct me. This question does not arise at all. As regards clause (b), that the Railway Administration should not attempt to derive monetary profit from contractors, we decided that the railways should not make a profit out of catering business and this decision was accepted by the Railway Administration and it was decided, I believe, that they would charge only reasonable license fees or rents for the rooms occupied by contractors. For instance, they charge certain fee for electricity; they charge certain fee for occupying the rooms on the station; and it is also my view that it ought not to be made a profiteering concern by the railway, so that the contractors, whether big or small, should not ultimately be required to pay more, and therefore charge the travelling public more for that purpose. Lastly, Sir, I have to state one thing and that is the point referred to by Sir

Hissamuddin Bahadur. This matter is again going to be considered tomorrow. Therefore, I would request my Honourable friend not to press the Resolution now, but to wait till the decision of the Central Advisory Council for Railways.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I can think of no question which has received more consideration than that of catering on railways, in this House, in the Legislative Assembly and in the Central Advisory Council for railways. Speaking from memory during my 10 years' experience of attending the Central Advisory Council meetings I think this subject has occupied the full time at about six meetings. During the past few days I have been inundated with literature on the subject—

THE HONOURABLE SIR DAVID DEVADOSS : Not only you, but others as well.

THE HONOURABLE SIR GUTHRIE RUSSELL—including a letter from our old friend "A public servant", one of those gentlemen who prefers not to disclose his identity. I may say that this morning at 7-30 a letter was brought into my bedroom with a red label marked "Express delivery". I do not know if other Members of the House had the same privilege. Last year on the 16th September at the last meeting this question was discussed by the Central Advisory Council. We came to decisions—at least we thought we had come to decisions—on all the main points, all the main points of Mr. Sapru's Resolution. But apparently my Honourable friend wishes to reopen the whole question. To those Members of the House who are not aware of the decisions which were arrived at by the Central Advisory Council, I shall detail these very shortly. Now, with regard to part (a) of the Resolution, the Central Advisory Council unanimously agreed that the question whether the contract should be given to local professional men or whether more satisfactory service could be obtained by giving contracts by areas or sections should be left to the various Railway Administrations to decide subject to their consulting their local Advisory Committees. Now, Sir, this question was also raised in the debate on the Railway Budget in the other House and the Honourable the Member for Communications promised that this question of monopolies should be once again discussed by the Central Advisory Council. There was a meeting yesterday but unfortunately we did not manage to reach that item in the agenda, but the question is going to be discussed tomorrow and that being the position I do not think Members of this House can expect me to say anything more about it.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of explanation, Sir, was that promise honoured by the E. I. R.?

THE HONOURABLE SIR GUTHRIE RUSSELL : Any orders issued by the Railway Board have, so far as I am aware, been honoured by the E. I. R.

Now, we come to item (b) of Mr. Sapru's Resolution. The proposition which was accepted by the Central Advisory Council was as follows :—

"Charges should be levied by railways at refreshment rooms and a licence fee should be recovered from vendors. The amount of such charges and the methods by which they should be levied should be left to the Railway Administrations acting in consultation with their local Advisory Committees, bearing in mind the paramount importance of adequate supplies at reasonable rates to the travelling public".

[Sir Guthrie Russell.]

Now part (c) then follows directly on part (b). "The articles should be sold at market rates". I was very glad to hear that the Honourable the Mover admitted that he was not quite sure about the wording of his own Resolution. What was agreed were that the conditions under which articles were sold in railway premises precluded any regulations which would strictly limit the prices charged to those prevailing in the locality and it was agreed that in the fixing of prices the nearest local authorities should be consulted and that a revision should be made whenever there was substantial variation in the prices of the commodities mainly used.

I think it was my Honourable friend Mr. Kalikar who said it was quite impossible to ensure that the prices charged to the travelling public on station platforms should be exactly the same as outside rates and that, I think, is correct. The station refreshment room caterer does not know how many people are coming each day. He has got to keep supplies. One day 50 people may come along, another day 10. He has got to safeguard himself. Further, station refreshment rooms are subjected to very much more vigorous supervision than the village shops. That also leads to an increase in prices. So I do not think it can be justifiably argued that the prices charged must be exactly the same as in a neighbouring village. But with the machinery we have in operation, we do our best to limit these prices to what we consider reasonable.

Now, I think it was my Honourable friend Lala Ram Saran Das who complained that the Railway Board and the railways did not do what the Advisory Committee told them to do.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, what I said was that, even when the Agent of the general line now accepts the recommendation, even then that is not followed.

THE HONOURABLE SIR GUTHRIE RUSSELL: Well, I misunderstood my Honourable friend. I thought his complaint was that we did not always accept their advice. But this is a case in which we have accepted their advice and issued orders to railways on that advice.

Finally, we come to (d). "No contractor should be allowed to sublet in any case". Well, subletting is forbidden. There is a clause in the contracts forbidding subletting. On certain railways the clause reads "No contract shall be sublet without the permission of the administration" so even in this respect we do our best to safeguard everybody.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: But they are sublet.

THE HONOURABLE SIR GUTHRIE RUSSELL: Well, my Honourable friend says they are. Can he produce any proof that they are?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I can.

THE HONOURABLE SIR GUTHRIE RUSSELL: Sir, I would ask my Honourable friend Mr. Sapru to reconsider his Resolution. The ink is hardly dry in the orders we have issued to railways, and there is already a demand for further consideration. Surely it shows scant respect for the Members of this House who have been elected as Members of the Central Advisory Council. I think if my Honourable friend considers what I have said, he will see that what

the Central Advisory Council have advised goes a very long way to meet his points and I would suggest for his consideration that the Resolution be withdrawn.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, may I ask the Honourable Member one question, on a point of information? With regard to monetary profit made by the railways out of these contracts, did the Central Advisory Council resolve that the railway authorities could charge as large a sum as they liked?

THE HONOURABLE SIR GUTHRIE RUSSELL: They said that we could levy fees but that they should be reasonable.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, ordinarily I would not have intervened in this debate, had it not been for the fact that certain essentials have been left out and the matter has been restricted too far. The Honourable the Mover, Mr. P. N. Sapru, was dealing with catering and an essential part of it consisting of drinks like soda, etc., was not touched upon by any person. I am glad, Sir, that he in the very beginning made it clear that he had neither a grouse against any particular person, nor any axe to grind for any individual. We are discussing this matter from a broad outlook of principles and we have to see whether the principles enunciated in his Resolution are sound or not. The word "monopoly" has been twisted somewhat by the people who are against this Resolution into meaning that if you do not have a monopoly it would mean having a crowd of vendors at the stations. But there can be competition without a crowd too, if you have different persons supplying goods at different stations. Then a passenger has the choice of buying his goods at one station or at another, say, 40 miles further up the line, where there is another vendor. Now, if you give the contract to one person throughout the length of the line, you not only eliminate competition at one station but throughout the line. You make it impossible for a passenger to have goods supplied by alternative vendors. I think something of this kind was working in the mind of the Honourable the Railway Member when he discussed this question in the other House—I am very glad, Sir, to find him present here today. In his speech there, he referred, Sir, with some approval to the suggestion of Mr. Nauman that 200 miles would be the right limit for which to give a catering contract to a person. Further, Sir, the Honourable the Chief Commissioner for Railways stated that after a settlement had been finally made by the Railway Central Advisory Council, it was not quite all right for us to reopen the question. But perhaps he forgot that a provocation was given by the Howrah people and that has been fully dealt with in the Assembly debate which I am not going to recite. I will only cite the speech of Sir Abdul Ghuznavi which dealt with the manner in which the General Manager flouted the decision of the Central Advisory Council. The Honourable the Railway Member was a little bit apologetic and said in the other place that the action of the General Manager was due to the fact that the Railway Board had not up till then intimated the decision of the Central Advisory Council. The decision of the Central Advisory Council was taken as far back as September and the matter came up in January. For four months the Railway Board sat upon the decision, and yet they accuse that we reopen questions after they have been finally settled. Politically I am rather against all big business. I cannot endorse any effort which the business might make to eliminate the small fries and to accumulate wealth

[Mr. Hossain Imam]

in the hands of a few. Democracy, Sir, is supposed to be an institution for the greatest good of the greatest number as opposed to autocracy which tries to enrich a few at the cost of the rest. But we must also remember that this big business is a bye-product of the present day civilisation. You cannot get out of it. It is too big. It can control governments; it can control the Press; it can control even politicians. It can buy up the things which it would not be possible for others to do.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Not Bihar!

THE HONOURABLE MR. HOSSAIN IMAM: Sir, we haven't got big business except the Tatas who are out in Bombay. So, it would be idle for me to try and lay down that big business should not come in. It would be as futile as trying to stop flood waters with cardboard. So, I would suggest to the Railway Administration to find a *via media* if they cannot stop this monopoly in the hands of the big contractors for the refreshment rooms and other eatables. They can at least make a sort of compromise by giving contracts for certain articles like *pan*, cigarettes, fruits and tea to the local men. By this means you can satisfy both the sides. The railway refreshment rooms are only situated at big junction stations, and there is some sense and a good deal of reason to support the view that it should be concentrated in the hands of experts and people who have experience of big business, because, thereby they can cheapen the cost. But these refreshment rooms do not serve the majority of railway passengers who travel third class and who want everything at the lowest possible cost. It serves the needs of the upper middle class and the upper class. Therefore, it should be possible for Government to do something on that line. Similarly, Sir, as far as the contract for the supply of aerated waters is concerned, it is more scandalous than anything else, because the aerated waters are sold at double the price that prevails outside.

Much has been made by some of my Honourable colleagues, and the Chief Commissioner also has trotted out the argument, that the railway contractor is at a disadvantage compared to the outsider, because he does not know the number of passengers who will be coming. That is quite correct. But, does the shopkeeper know exactly the number of people who are going to buy his goods?

Then the argument was advanced that the railway contractor is in difficulties because he pays something to the Railway Administration and, therefore, it was said that he was justified in making a higher charge. But it is forgotten that every shopkeeper has to pay a rent for his shop and in certain places like Howrah and other big towns, the rent is not a small item and is comparably much higher than what the railway charges. There is no reason why there should not be a greater uniformity between the outside market rates and the rates inside the stations.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the station staff?

THE HONOURABLE MR. HOSSAIN IMAM: The station staff? I am not able to follow the Honourable the Leader of the Opposition—whether he means that the station staff gets gratuities or whether he means that they are possible customers? If they are possible customers, so much the better for the contractor.

THE HONOURABLE MR. SHANTIDAS ASKURAN: I mentioned regarding the terms of contracts to Messrs. Brandon and Spencer.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, the Honourable Member has brought in the question of Spencer. That is exactly the line of demarcation which should prevail. Just as these people are the contractors for European catering, I have no objection that there should be a separate contractor for Hindus and a contractor for Muhammadans on the same lines.

THE HONOURABLE SIR DAVID DEVADOSS: What about the Jains and others?

THE HONOURABLE MR. HOSSAIN IMAM: If they are anxious and if they can get any man to sell for them, so much the better. If they cannot, I am sorry for them. I cannot help it. Sir, as the Honourable Mr. Shantidas Askuran has just said, the example of Brandon is a very good example and that should be the guiding principle of the railways. But, in view of the fact that the matter was discussed very thoroughly on the 8th February and the reply of the Honourable the Railway Member was very conciliatory, I had suggested that it was not quite necessary for the Honourable Mr. Sapru to move this Resolution, and now that he has ventilated the question, I think he would be well advised to withdraw it.

THE HONOURABLE SIR ANDREW CLOW (Communications Member) I have very little to add, Sir, to what the Chief Commissioner has said. But I am afraid the last speaker attributed to me one or two dicta of which I was not guilty. He suggested—and apparently that was his own view too—that I had indicated 200 miles as the proper range for a contract.

THE HONOURABLE MR. HOSSAIN IMAM: "I was rather impressed" were your words.

THE HONOURABLE SIR ANDREW CLOW: I am afraid it was not a very lasting impression.

THE HONOURABLE MR. HOSSAIN IMAM: I am sorry this impression faded.

THE HONOURABLE SIR ANDREW CLOW: What we were discussing at that time were the variations in tastes in Indian food and the suggestion had been made that every two or three hundred miles you were apt to come across a variation in taste. But I would remind my Honourable friend that if he adopted that principle, he might find it rather difficult to pursue the method he suggested of waiting until one came further on in the train to a different contractor's area and getting more suitable food. Two hundred miles might be quite a long wait, and in view of the stress which he laid on drinks, he might find himself very thirsty before he reached the end of his journey.

But, as regards this difficult question of price, I agree entirely with the Chief Commissioner. I think my Honourable friend Mr. Sapru did recognise that point. You cannot insist on identity of prices between the station and the markets outside. It is not merely a question of not knowing how many passengers might come. It is a question of the custom offering at the station being very intermittent. You may have to send a man to meet a train, and then you will have no train for a long time afterwards and you may have to

[Sir Andrew Clow.]

send him again to meet another train. The man with the shop outside knows that he is going to have fairly regular custom throughout the day and can provide accordingly. Then of course certain foods—this does not apply to aerated waters—are perishable and there is apt to be a greater loss in meeting the requirements of railway passengers than there is in meeting the requirements of the bazaar.

As regards fees, the principle that we have accepted is that we are not going to be guided in this matter by the desire to make profits. We recognise that if we were to throw our catering contracts open to tenders we should in many cases get large sums. In fact from experiments made in the past we are satisfied that we could get very substantial sums. But that is not the principle we are working on now. The principle we have adopted is that we charge amounts which shall be reasonable and will not involve any risk of passengers having to suffer in consequence. As Mr. Hossain Imam himself recognised, the railway contractor is normally relieved from some charges that he would have to meet outside. He is also provided with facilities which he does not get outside, and I think it is not unreasonable that he should be asked to pay a limited amount for them. I do not think myself of course that even a contractor who had to pay a larger sum would necessarily inflict injury on passengers. It has been suggested that the interest of the contractor lies in providing the poorest food he can. But a contractor inside a railway is in much the same position as the person outside, he depends for his custom on the quality of his service, and if a contractor provides insufficient or unsuitable food he will soon find his receipts going down.

The only other thing I would say is that I think this debate has served a useful purpose, if only because it has helped us and others who are on the Central Advisory Council perhaps to clear our minds on certain points, and will thus contribute to a more useful discussion when that matter comes before the Council tomorrow morning. I would suggest that the Resolution might be withdrawn.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Will the Honourable Member tell us how it was that the E. I. R. arrived at a decision affecting the means of livelihood of a large number of persons without consulting the local Advisory Committee? My Honourable friend the Chief Commissioner said that the orders of the Railway Board were carried out. How was it that in this particular matter, if Sir Abdul Halim Ghaznavi's statement in the Assembly is correct, the Agent not merely ignored the Committee but almost treated anybody who differed from his opinion as an opponent and said he would fight him with his back to the wall?

THE HONOURABLE SIR ANDREW CLOW: I think that is not quite a correct statement.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The Honourable Member did not dispute it in the other place.

THE HONOURABLE SIR ANDREW CLOW: Surely no such allegation was made in the other place.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The Honourable Member has to read the speech of Sir Abdul Halim Ghaznavi to see whether what I am saying is correct or not.

THE HONOURABLE SIR ANDREW CLOW: I do not think he will find the allegations that the General Manager made any such statements as the Honourable Member is now attributing to him.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I am debarred from reading the proceedings but may I ask the Honourable Member to read the paragraph at the top of page 181 of the proceedings of the Legislative Assembly for the 8th February, 1940.

THE HONOURABLE SIR ANDREW CLOW: I am sorry, Sir, I see that statement was made, but the actual position is not as actually stated, that the General Manager flouted the decision of the Central Advisory Council. Owing to preoccupation with other matters the consideration of the discussions in the Central Advisory Council by the Railway Board was, as the Honourable Mr. Hossain Imam pointed out, somewhat delayed, and the General Manager, as I explained in the Assembly and as the Honourable Member will find if he reads also what I said, on this point reached his conclusions before the orders of the Railway Board had been conveyed to him.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Will the local Advisory Committee at Cawnpore be consulted along with the Advisory Committee in Calcutta? These orders affect the whole of the United Provinces, but will the Advisory Committee for the United Provinces be consulted?

THE HONOURABLE SIR ANDREW CLOW: We shall have to reconsider the matter in the light of any conclusions reached by the Central Advisory Council at its meeting tomorrow; but I am not at all sure that it is desirable that the local Advisory Committee should be consulted on the matters of individual contractors.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I am speaking about the question of principle. If that matter is going to be discussed with the Advisory Committee in Calcutta, may I ask whether it will be discussed also with the local Advisory Committee at Cawnpore which represents the United Provinces?

THE HONOURABLE SIR ANDREW CLOW: Quite clearly, Sir, that must depend on the conclusions reached by the Central Advisory Council. If they reach definite conclusions on the question of principle, then I should regard it as undesirable for the local Advisory Committees to discuss those same questions of principle and possibly reach different conclusions.

THE HONOURABLE MR. P. N. SAPRU: Sir, the first speaker on my Resolution was the Honourable Lala Ram Saran Das. He gave his powerful support to it and then he pointed out that the Railway Administration had been attempting to derive monetary profit. There is just one question should like to ask as to this. In the other place I find that Mr. Lalchand Navalrai said that the contract for the refreshment room at Delhi was given to a contractor for the sum of Rs. 7,000. It is at page 192 of the proceedings.

THE HONOURABLE SIR GUTHRIE RUSSELL: That is correct, but I understand that the contract has been cancelled; so it is no longer so.

THE HONOURABLE MR. P. N. SAPRU: Well, I find that the Central Advisory Council has come to the conclusion that the Railway Administration should not attempt to derive any substantial monetary profit from the contractors. That is satisfactory so far as it goes.

THE HONOURABLE THE PRESIDENT: The Honourable the Chief Commissioner, may I ask you what is the principle prevailing in England so far as these railway contracts are concerned?

THE HONOURABLE SIR GUTHRIE RUSSELL: I am speaking without the book, but I believe it differs on the different railways. Some railways charge a certain amount and others don't.

THE HONOURABLE THE PRESIDENT: And the contractors are allowed to make a certain amount of profit?

THE HONOURABLE SIR GUTHRIE RUSSELL: Yes, but in England most railways run their own catering. In the case of bookstalls, I believe there are contracts and the contractors pay railways a certain amount for the privilege of running them.

THE HONOURABLE MR. P. N. SAPRU: So far as these monopolies are concerned, I had the monopoly of a whole line in mind. The Honourable Mr. Hossain Imam referred to the statement of Mr. Nauman that the limit of the contract should be 200 miles. I think that is a reasonable suggestion, and in any case I have no objection to your having a single contractor for one station, but he must have rival contractors in opposition at other stations. That is the answer that I would give to the question which was asked by the Honourable Sir David Devadoss. His question was, how are you going to see that the railway station is not converted into a bazaar? Now, I was glad to hear the Honourable Sir Guthrie Russell say that no subletting is allowed. The Honourable Mr. Kalikar and the Honourable Sir Guthrie Russell have pointed out that the matter is under the consideration of the Central Advisory Council and that a meeting of the Central Advisory Council will be held tomorrow. I think, Sir, the discussion has done some good. We have been able to ventilate our points of view and there are members of the Central Advisory Council here in this Council who know what our respective points of view are—I would wait till the Central Advisory Council comes to a final decision one way or the other. In view of the fact that the matter is going to be taken up by the Central Advisory Council tomorrow I beg leave of the Council to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* RAISING OF INDIA TO THE STATUS OF A SELF-GOVERNING DOMINION.

THE HONOURABLE SARDAR BUTA SINGH (Punjab: Sikh): Sir, I move:—

"That this Council recommends to the Governor General in Council to convey to His Majesty's Government this Council's satisfaction on the pronouncement of His Excellency the Viceroy definitely declaring the policy of His Majesty's Government to raise India to the status of a Self-governing Dominion under the Statute of Westminster, and its whole-hearted support in the prosecution of the war and readiness to co-operate in making India self-governing."

I feel I am voicing the views of all the responsible classes and even of the dumb millions in welcoming the pledge which His Excellency the Viceroy has given in the name of His Majesty's Government to raise India to the status of a Self-governing Dominion under the Statute of Westminster.

Those who love peace and progress and accept the creed of non-violence, if they are true to themselves know that all right-thinking men are now seeking to secure inter-dependence of all nations in a new world order. The independence which the Dominions enjoy is insured by being members of a Commonwealth which, in the unity of all its members, can guarantee security.

The Dominions under the Statute of Westminster enjoy perfect freedom to assert their independence if they so desire. Hitherto not a single Dominion has sought to shake off the hand that gives protection and ask nothing in return. They have found in inter-dependence the largest measure of independence. They have found in the membership of the Commonwealth the strongest bulwark of freedom and self-realisation, what the Dominions value after long experience. Why should India discard it without even giving a trial. Those who have any vision of the future hold that the only possibility of saving civilisation and democracy is in working for a federation of all the civilised countries of the world. India would be going against the stored wisdom of many generations if it decides to go against these new life currents, set in motion, to save the world from disaster. What miracle they propose to perform who wish to transform India into an independence, which is not her's at present. Have they secured the willing consent and co-operation of the majority of all right-thinking men. What are the sanctions behind their demand, what guarantees they can give that unity of India would be maintained that provinces and States, classes and communities would not fall apart. What are the grounds of their hopes that they could protect life and property and stem the tide of marauding hosts that may gather strength in the country itself or swoop down from outside. What new magic they possess to exorcise the demon of disunity which is already aiming at dismemberment. The realities are always distant from ideals. It is impossible to ignore them. Realities require recognition and expect from leaders of Indian opinion to work within the limits set by the conditions that govern life and labour.

THE HONOURABLE THE PRESIDENT (to the Secretary): Will you ring the bell? I find there is no quorum.

(The bell rang and several Honourable Members came in.)

THE HONOURABLE SARDAR BUTA SINGH: Congress undoubtedly enjoys popular confidence by its constant advocacy of our national aspirations. They who devoted their lives to make it what it is today never dreamed of asking what it is asking today. The confidence that it enjoys was built up by a joint effort of both Englishmen and Indians. It is by being true to the founders that it can serve India and the world by following constitutional ways to achieve its high aims. If the Congress were in a position to realise independence, it would not be waiting at the doors of His Majesty's Government. If the Muslim League were in a position to partition India, it would not expect others to do the carving. The truth is, that this world is not a Law Court in which clever advocacy tells. The leaders of the Congress and Muslim League are to act their parts which they have assigned to themselves. They have occupied the stage so long that they feel it is theirs for ever. There are others however, majority of princes, classes and communities perfectly satisfied with the

[Sardar Buta Singh.]

declaration and who firmly believe that if immediate steps are taken to implement the pledge all the people of India would be satisfied, and be ready to support the new order.

It is my considered opinion that by immediate action His Excellency the Viceroy can mobilize all the goodwill and intelligence in favour of working the Constitution as provided in Government of India Act, 1935. If India is made self-governing at earliest possible moment people will find what they are asking has already been given. I realise it is not possible to revise the Constitution during the war. But the need of the moment is to secure whole-hearted co-operation of those who are satisfied with the Dominion status.

We are in the midst of a terrible war, forced on the Allies, as the Honourable Members are aware, due to the high-handedness of Nazi aggression. I am sure the House will agree with me that Britain should be given whole-hearted support in the prosecution of the war.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, I think the Honourable Member will himself admit that the question raised is one which cannot be settled on the floor of the House, but Government readily agree to forward to the Secretary of State a full record of the proceedings in order that he may be aware of the opinions expressed. I wish to express the appreciation of Government on the assurances of support and help in the prosecution of the war conveyed in the Resolution.

THE HONOURABLE THE PRESIDENT (to the Honourable Sardar Buta Singh): Do you wish to reply?

THE HONOURABLE SARDAR BUTA SINGH: There is nothing to reply to, Sir. Nobody has opposed the Resolution.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: Sir, when I said that this question could not be settled on the floor of the House I had hoped that the Honourable Member should withdraw the Resolution.

THE HONOURABLE SARDAR BUTA SINGH: I have no objection to withdraw my Resolution on the assurance given by the Honourable the Leader of the House.

The Resolution was, by leave of the Council, withdrawn.

(The Honourable Mr. Hossain Imam, when called on to move his Resolution was not in the Chamber.)

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT: Has the Leader of the House any statement to make?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, as Honourable Members are doubtless aware, we are meeting on Monday the 18th March for non-official business and I suggest that the Council be adjourned to that date. I also propose that the following Bills which have

already been laid on the table may be taken up for consideration on Thursday, the 21st March :—

- (1) The Income-tax Law Amendment Bill.
- (2) The Reserve Bank of India (Second Amendment) Bill.
- (3) The Coal Mines Safety (Stowing) Amendment Bill.

THE HONOURABLE MR. HOSSAIN IMAM: I am very sorry, Sir, that I was not in my seat when you called on me to move my Resolution.

THE HONOURABLE THE PRESIDENT: I am very sorry too, but a Member ought to be present in the House when his Resolution is to be taken up.

THE HONOURABLE MR. HOSSAIN IMAM: I saw Sardar Buta Singh's Resolution taken up, Sir, and I thought that would take some time.

The Council then adjourned till Eleven of the Clock on Monday, the 18th March, 1940.

COUNCIL OF STATE.

Monday, 18th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

TELEPHONE OPERATORS.

57. THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS :
(a) Will Government state whether the telephone operators are required to work even on Sundays and other gazetted Post and Telegraph holidays for as many hours as on other working days ?

(b) If the reply be in the affirmative, do Government propose to grant Post and Telegraph holidays to the telephone operators or to grant the telephone operators overtime allowance for working on Sundays and other gazetted Post and Telegraph holidays ?

THE HONOURABLE MR. S. N. ROY : (a) Yes. Arrangement is, however, made to allow as far as practicable every operator one Sunday off in every four.

(b) No proposal for the grant of Post and Telegraph holidays is under consideration. As an operator is required to put in duty not exceeding 50 hours per week including Sundays and holidays, the question of payment of overtime allowance for working on those days does not arise.

SURPLUS REVENUE EARNED BY TELEPHONE BRANCH, POSTS AND TELEGRAPHS DEPARTMENT.

58. THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS :
(a) Will Government lay on the table a statement showing the surplus revenue earned by the Telephone Branch of the Posts and Telegraphs Department since 1931-32 ?

(b) Do Government propose to create selection grade appointments for telephone operators similar to those in the other branches of the Department, for giving the telephone operators a chance of promotion ?

(c) Does Part II of the Rules for recruitment to the services of telegraphists, telephone operators, clerks, sorters, etc., read with Part IV of Appendix I of the same Rules provide for selection grade appointments of telephone operators in the new scales of pay ? Are there no such appointments in the old scale ?

(d) Do Government propose to do away with the disparity mentioned above by creating selection grade appointments also in the old scales of pay ?

THE HONOURABLE MR. S. N. ROY : (a) A statement is laid on the table.

(b) No. Selection grade appointments are sanctioned only when justified on administrative grounds.

(c) No. Part IV of Appendix I of the Rules cited by the Honourable Member merely shows the scales of pay of such appointments, if any are sanctioned in respect of any of the services referred to. The reply to the last part is in the negative.

(d) Does not arise in view of the reply to part (c) just given.

Statement showing the surplus revenue earned by the Telephone Branch of the Posts and Telegraphs Department since 1931-32, in reply to part (a) of question No. 58.

(The figures are in thousands of rupees.)

Year.	Amount of surplus revenue of the Telephone Branch.	Remarks.
1931-32	1,18	
1932-33	2,28	
1933-34	2,73	
1934-35	23,67	
1935-36	14,98	
1936-37	19,79	
1937-38	28,10	
1938-39	21,05	

TELEPHONE OPERATORS.

59. THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS : Do Government propose to apply, in the case of telephone operators, Rules 53—55 of Vol. IX, Chapter III of the Posts and Telegraphs Manual, applicable to telegraphists and clerks ?

THE HONOURABLE MR. S. N. ROY : No. Having regard to the nature of duties involved there is no case for giving telephone operators identical treatment in respect of hours of duty.

TREATMENT OF ENEMY FIRMS.

60. THE HONOURABLE MR. R. H. PARKER : (i) Are Government aware that there is considerable public dissatisfaction arising out of the fact that certain trading concerns known to have had intimate connections with Germany before the war have been allowed to continue to carry on business ?

(ii) Will Government state the principles which are applied when deciding whether to allow such concerns to carry on business ?

(iii) Will Government state the principles which are applied when deciding whether to allow concerns which carry on business in this country to advertise goods made in a country which is now at war with His Majesty's Government ?

THE HONOURABLE SIR ALAN LLOYD : (i) No, Sir, but I am prepared to take it from the Honourable Member that he has heard such expressions of dissatisfaction.

(ii) The first question to decide is whether concerns which had intimate connections with Germany before the war are in fact "enemy firms" within the definition contained in Defence of India Rule 103, sub-rule (2). It will be noted that in all parts of that sub-rule reference is made to conditions subsisting after the 2nd September, 1939.

When a concern has been found to be an "enemy firm" by definition, it has to be decided whether its property should be vested in the Custodian of Enemy Property. It is the policy of the Government not to pass such a vesting order unless that course is necessary in order to prevent benefits accruing to the enemy during the war or in order to preserve the property pending arrangements to be made at the conclusion of peace. If these necessities do not exist, the enemy firm will normally be allowed to continue to trade, subject to such supervision as it may be thought desirable to impose.

(iii) Government see no reason for objecting to the advertisement of goods of enemy origin which have been lawfully imported into this country. Adequate precautions are taken to secure that unauthorized importations of such goods do not take place.

THE HONOURABLE MR. HOSSAIN IMAM : What arrangement has Government made with the concern known as Schering ?

THE HONOURABLE SIR ALAN LLOYD : If the Honourable Member will put a question down, I will answer it. I do not carry all these details in my head.

RESOLUTION RE BIRTH CONTROL.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, the Resolution that I desire to commend to this Council runs as follows :—

"This Council recommends to the Governor General in Council that in view of the alarming growth of population in India, steps be taken to popularise methods of birth control and to establish birth control clinics in centrally administered areas."

Sir, it is not in a spirit of levity that I have brought this Resolution. It is not for providing amusement or propagating advanced social ideas that I have ventured to bring this Resolution before this Council. I know, Sir, that there is a great divergence of opinion on the issues raised by this Resolution and I should be doing no good to the cause I have at heart if I were to approach my task in the spirit of an iconoclast intent on attacking cherished beliefs. We are, however, a body of intelligent and reasoning men, endeavouring to approach the questions we have to deal with in a spirit of real service to

[Mr. P. N. Sapru.]

the community. And even if I cannot convince the Council, I shall not be disappointed if the discussion leads to a frank and dispassionate consideration of the issues involved at the hands of the Members of the Council of State who have often the responsibility as also the privilege of guiding public opinion.

The Resolution, Sir, primarily affects the masses and the lower middle classes who are not conversant with the evils of unchecked population but who, reflection will show, suffer most from this unchecked population. Sir, the position as I see in regard to population is this. During 1891 and 1921, a period of 30 years, the population of India increased by 32 millions. During 1921 and 1931, a period of 10 years, the actual increase was 34 millions, or two millions more than there was in the previous period of 30 years. Sir, a census is about to take place in 1941 and there are reasons to believe that the increasing rate will be maintained. We have had during this period no serious famine, no serious scourge, no serious epidemic and even the war that we are witnessing today is a war of mechanised armies and men do not die. If we go on at this rate, we shall have at the end of four decades an increase of nearly 150 millions in the population of this most populated country. I say most populated country because, probably, we have a greater population than even China—

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official): Not at present.

THE HONOURABLE MR. P. N. SAPRU: Well, China's figures are never so accurate as our figures, and I think that if we have not a larger population than that of China, we have very nearly as large a population as that of China. Sir, we had a population in 1901 of 29 crores and 43 lakhs. In 1911 we had 31 crores and 50 lakhs. There was therefore in those 10 years an increase of 6½ per cent. 1911 to 1921 was comparatively a better period. We had 31 crores and 81 lakhs, an increase of 1 per cent., and between 1921 to 1931 we had an increase of 10·5 per cent., that is in 1921 we had 31 crores and 81 lakhs and in 1931 we had 35 crores and 29 lakhs. Sir, with famines conquered, disease well under control, with our preventive side of the public health department improving, with diminishing death rate, universal and early marriage maintained and the social habits of the people being what they are, it is not unreasonable to think that this rate of increase will be maintained. We are an essentially agricultural community. More than 100 millions are dependent on agriculture. Since the Montagu-Chelmsford Reforms there has no doubt been some industrialisation, but the number employed in industry is comparatively small. In 1933 which was a lean year, the number employed in industry was 2·3 millions. There might have been some increase since 1933 but the increase could not have been very much. Sir, we have a deplorably low standard of living. Our national income, as the House knows, is very low. Vast millions of our people are underfed, undernourished. They go through life without any opportunity to develop the good that is in them. There is a vast amount of unemployment both among the masses and the educated classes, and though the war may have stimulated industrial activity and though prices may have temporarily gone up, yet we must be prepared for the slump that is bound to follow the war. Even England, which is the most highly industrialised country and which has a vast Empire, has large numbers of unemployed people in times of depression. How can we then with our woefully limited resources hope, if this population continues to advance at the rate at which it is doing, to give to our people the employment and the social services that they need. With our present rate of production even a more equitable distribution of wealth—and I am for a more equitable distribution

of wealth—will not enable us to give to our people a standard of living at all comparable with even the less advanced countries of the west. Industrialisation, for which some of us are crying and in which some of us have an almost pathetic belief, will not help to solve all our problems, for we are, we must remember, living in an age of mechanisation and rationalisation. Though we ardently desire it, our funds do not permit us to go in for benevolent or beneficent schemes of social insurance, health insurance, unemployment insurance and unemployment doles which have made life tolerable for the poor worker in western countries.

Mr. President, we have inherited, if my friends will permit me to say so, a social organisation which does not make for individual efficiency and the harmonious development of human personality. Marriage with us is universal. We marry while we are yet in our teens, and the only checks to our population are our unfortunate widows. We have been taught to believe that we cannot go to heaven if we do not have a son, and primitive society hugs this belief with a tenacity which is pathetic. How can we expect prudence, and fore-sight in a society of illiterate men and women with no standard of living to maintain, with a family organisation which degrades women and handicaps effort, with a philosophy which makes us accept with deplorable indifference the social evils around us, as the results of our individual or national *karma*, with little conception of the organic unity of the individual with society. We have a high birth rate and the highest death rate in the world. The rate of mortality among women in confinement is high and there are no adequate or proper facilities for maternity welfare. I have said this all to show that the question of birth control ought to be approached from a broad humanitarian point of view. Selfish man seeking after his own pleasure never thinks of what it is for a woman to go through child-bearing too often and what a drain child-bearing is on her mental and physical resources. It is a harsh view of life which denies to woman the right to determine in the married state whether she shall go on bearing children, and if God made man after his own image, may we not say with truth that man made woman after his own image for the actual physical domination which he exercises over woman has enabled him to impose his own will upon her? And, Sir, as men who claim to determine our own destiny we cannot surely deny to our mothers and sisters and daughters and wives the right to determine their own destiny.

Sir, from what I have said it will be clear that there is a case for birth control. It may be said, assuming that birth control is desirable, the best method of controlling births is continence in the married state. I should be the last person, with my belief in the sanctity of the marriage tie and in the value and importance for the human race of sex purity, to denounce continence. Undoubtedly continence is the best and most ideal method of self-control; but continence in the married state is neither always—and I emphasise the word always—possible nor desirable. Often it destroys the very basis of marriage and leads to dire results both physical and mental. If both partners cannot sublimate their sex instinct they will find satisfaction either in extra-marital relationships which are injurious to society or they will repress their normal sex instincts with dire results for their nervous and mental systems.

Sir, whatever the teachings of religion might be—and I think religion is not antagonistic to science—the morality of the future must be based upon the findings of biology, physiology and psychology and religion which ought to serve as the inspiration for social service is not in opposition to these teachings. I value, Sir,—I may say quite frankly—I value very deeply the institution of the family and I do not wish to see that institution undermined.

[Mr. P. N. Saprū.]

It makes man with his egoistic instincts forget himself in the service of others, but I maintain that birth control will purify and refine the institution and not undermine it. It may be said that artificial methods of birth control will encourage immorality. Sir, let us be quite frank with ourselves. Was there no immorality when methods of birth control were unknown? Is there no immorality among classes who are unfamiliar with birth control or who live in rigid orthodox surroundings? Are cases of abortion and miscarriages unknown? Are the standards of sex morality among men as high in this country as among women? Are there equal standards in this country for men and women? Sir, these are questions we should try and answer for ourselves. It may be said that birth control is opposed to the teachings of religion. Can our friends cite any text against birth control? Were methods of birth control known to our wise sages? Do we, Hindus, Sir, believe in a progressive revelation or do we believe in a final revelation? Is the essence of religion not service, and do we not serve by teaching our fellowmen foresight and prudence and would birth control not teach our men and women foresight and prudence?

Sir, I come to another line of argument to which my Resolution is subject to attack. It may be said that birth control propaganda should be conducted by voluntary organisations, by women's organisations, by private doctors, by social service workers, by persons who are interested in this line of work and it may further be said that Government cannot act in advance of public opinion. Sir, both these propositions are, I am free to admit, correct within limitations. I recognise that this question of birth control is primarily a question for voluntary organisations. But, Sir, there are directions in which Government can help and I want Government to help to the extent that it can. Sir, it can offer—and that is a direction in which Government can help us—it can offer facilities in existing hospitals for teaching these methods under proper safeguards. You have got in the centrally administered areas a number of hospitals. You can attach birth control clinics to these hospitals. Men and women can go to these hospitals and if they want to have advice it ought to be possible for them to have advice in these clinics. Clinics, therefore, can be attached to Government hospitals for propagating birth control methods. Then you can have a system of travelling clinics. Then the cinema and magic lantern and the Broadcasting Department can be used for the purpose of propagating ideas about birth control, for the purpose of teaching men and women birth control methods. I do not want to go into these methods. Some of them are not very costly; they are quite cheap. But that after all is a medical question on which as a layman I have no right to offer any opinion. Then, Sir, another direction in which Government can help us is by giving financial help to voluntary organisations which are doing birth control work. By this Government will place itself at the head of the movement for birth control in a country where people are accustomed to look to Government for leadership in these matters.

Sir, I will come to another line of attack to which my Resolution may be open. It may be said that the centrally administered areas after all are very few in number and that the lead in this matter should be taken by the Provincial Governments. Sir, the Provincial Governments today unfortunately are not functioning in seven provinces. In the eighth province provincial autonomy is working creakily. Now, Sir, the Centre is in a position to take an all-India view of the matter and I say that the Centre with the support of the elected element should go ahead. There is, fortunately or unfortunately, no Wardha High Command to impose its view of morality on us at the Centre.

This is work which is being done by other States also. Sir, in India I find that the progressive State of Mysore is giving a lead in this matter. I find, Sir, at page 32 of the Census Report a reference to what is being done in Mysore and I shall just read that out:—

“Meanwhile it would appear, in view of the present rate of increase, that efforts to reduce the rate of infantile mortality should be preceded by precautions to reduce the birth rate, and that if the luxury of ‘baby weeks’ be permitted they should at least be accompanied by instruction in birth control. A move in this direction has already been made by the Government of Mysore State, which in 1930 sanctioned the establishment of birth control clinics in the four principal hospitals of the State”.

Sir, the State of Mysore has given us a lead which we might follow.

Then, with your permission, Sir, I will just refer to England. In England an Order in Council lays down that wherever it is certified that pregnancy in women is destructive to health and likely to endanger life birth control advice should be available at hospitals that receive a grant. In 1934 there were 1,200 such centres.

I find, Sir, that in Holland the Government encourages birth control propaganda and knowledge and practice of birth control has spread to the lowest strata of society. Who will say, Sir, that the Dutch people are less moral than the other races of mankind?

Then, Sir, another argument that may be advanced against this Resolution is that there is no demand for such birth control propaganda among the people of this country. Now, Sir, one of the hopeful signs of the times is that our women are taking an increasing part in the public life of this country and I would say that women's organisations are definitely in favour of birth control. In Madras, Sir, I understand there is a league for the purpose of propagating birth control ideas, and I may also say, Sir, that earnest women workers who have had experience of working class women in big cities have told me that women often come to them for advice in regard to methods of birth control. The working woman values this advice. Therefore, Sir, there is an awakening in this matter. There is a body of opinion in this country which is behind the movement for birth control.

Sir, I have tried to answer in the time at my disposal the objections that may be urged against my Resolution. I have tried to show how important this question of birth control is for the future of the race in India. Sir, we want a race of useful citizens. We want a race of healthy, normal, strong citizens, citizens who will be able to supply us with material for building up a mighty future, and we ought to approach this question not from the point of view of sentiment but from the point of view of reason. Sir, there is, as I said in the opening part of my speech, no real antagonism between religion and science and we ought to have a broader conception of religion. You have this controversy in Europe also but you find, Sir, that many eminent Churchmen, leading Bishops and Archbishops, are convinced that birth control is right. Sir, I have tried to place the issues before the House not in the expectation that the House will necessarily agree with me but in order to focus attention on a subject of paramount importance for the future of the Indian race.

THE HONOURABLE THE PRESIDENT: You have denounced everything except plurality of wives!

THE HONOURABLE MR. P. N. SAPRU: I forgot, Sir, that there is unfortunately polygamy and, in certain parts, polyandry in this country.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, it is a great pleasure to me to support the Resolution which the Honourable Mr. Sapru has moved. Today is the fifth anniversary of the Resolution which I moved in this House, exactly on the same date, i.e., 18th March, 1935.

THE HONOURABLE MR. P. N. SAPRU : I forgot that.

THE HONOURABLE MR. HOSSAIN IMAM : And I am glad that according to our principles of spacing this has not come forward any earlier. Mr. President, the world has advanced a great deal in this period of five years. Even in India this movement has taken root and we find that there is an annual meeting of scientists to discuss the population question in India. The matter is receiving keen attention from all sides except that block of ice which sits on the Treasury benches. (An Honourable Member : "Try to melt it".) Well, the Indian sun is proverbially strong and I hope it will prove hot enough to melt even this.

Sir, the question before the House is a very simple one. It is this, whether the Government considers it its duty to take part in a thing which is to everybody's interest in India or does it propose to sit on the fence and wait and see what happens? Now, Sir, five years ago the then Home Secretary, Sir Maurice Hallett, in opposing this Resolution, brought forward to his aid or I should say he tried to confront us with the five enemies of human life who were always working in a manner, which without controlling birth rate, were yet effective in reducing the population. First of all, Sir, there was the dragon of famine. That has been conquered. He cited to us the instances of two famines which had taken place in the last days of the last century and he made out a case that they are things of which we need must take account in the future. Secondly, he cited the influenza epidemic of 1919. Fortunately, in the last 19 years we have escaped having a recurrence of this or any other malady anywhere near it in its virulence. Thirdly, Sir, he cited the natural calamity in the shape of the Bihar earthquake of 1934. Fortunately there too, there has been no earthquake of any magnitude except the Quetta one, which unfortunately was responsible for a loss of life of many thousands. Fourthly, Sir, was the danger of war and the carnage consequent upon it. There too, Sir, it is now apparent that, according to the mechanised warfare of the present day and the manner in which it is fought, the loss of life is very small compared with the magnitude of the fight that is carried on. Fifthly, there was the prop that there was a system of compulsory celibacy of widows. That, too, Sir, has disappeared. There is a school of thought which aims at starting the remarriage of widows among the Hindus. Amongst the Muslims it is becoming more prevalent and among the Hindus too it is no longer a rarity. So, all the five props in action have fallen down. As against that, as the Honourable Mover has cited, the activities of the Government health department have improved, with the result that the death rate has fallen. Consequently, there should have been a fall in the birth rate too but as our society is not so fully developed as western society, the result is that the reduction in the birth rate is not so great as that of the fall in the death rate. The result is for increasing the population and not for decreasing it.

Then, Sir, another appeal of the Honourable Mover which deserves great consideration from the House is the right of women to refuse to bear children. That should be given. Man-made law denied this right to women, although there is no legal sanctity for withholding this right now that we are trying to bring women up to the same level as men in all walks of life. Mr. President,

there is no denying the fact that at the moment we require a lead from the Government. Government has been lavish in its grants to bodies which carry on public work like the Red Cross, Lady Dufferin Fund and other institutions with the object of giving welfare and care to the population of India. The reason why the mention of birth control brings forward a fire from its opponents—from the non-officials—is that they do not unfortunately understand the implication of birth control. I am very glad, Sir, that today's discussion has been carried on in a much milder atmosphere than five years ago when there were running fusilades and fires from all sides. But this year we have found "All quiet on the Western Front". That has been a marked improvement and I welcome it and I hope that if we do not succeed now, the time is not far off when we will succeed and will be able to get even this irresponsible Government to do something for us. Mr. President, in order not to give offence to those who are very susceptible and very keen on taking offence, the International Association for Birth Control has changed its name and we are now called the Family Planning Association, because birth control never asks that there should be a stoppage of birth. It only wants that there should be a proper spacing and a proper economic strata to which the birth should be correlated. The efforts of the pruders and those who are afraid of facing the situation are quite ineffective. There is a strong march and I am glad to find that India is advancing towards her betterment. My only trouble is that as education is so very limited, the ideas do not percolate to those who are really in need of this help. When we ask the Government, it is not that we wish that these ideas which are already prevalent among the educated classes should be further taught to them and that these classes require any help. They know what they want and no amount of hiding your head beneath the sand like the ostrich will withhold the knowledge from those who demand it and are literate enough to read it. It is only to those who are illiterate, who live in dire poverty, that this knowledge does not percolate, and it is there you have the greatest amount of chastity and good living. The dangers which are brought before our eyes that it will lead to immorality does not apply to the villages and among the masses.

A very good suggestion has been made by the Mover which I hope will be accepted, though not in so many words, at least in action. I have long experience of this Government. If you sow a seed even in this lateritic soil, it sometimes does give fruit, in the shape of actions taken long after the demand has been made and without any acknowledgment of the parentage. I hope, Sir, that the All-India Radio will at least allow people who wish to propagate this idea a hearing on the All-India Radio. This will help a great deal in bringing these ideas before the masses.

Mr. President, my time is about to expire and I only echo the sentiments of my Honourable friend that it is not advantageous to India to have men who are ineffective, who are diseased, who are idiots and incapable of taking part in the advancement of the country. I want that there should be healthy, normal, intelligent and vigorous children born in India. It is not only quantity which is required but quality also must count, and in order to have quality, you must have restriction, because that is the natural law of selection.

Sir, I support this Resolution.

* THE HONOURABLE SARDAR BAHADUR SOBHA SINGH (Nominated Non-Official) : Sir, I had no intention of speaking on this Resolution, but

* Not corrected by the Honourable Member.

[Sardar Bahadur Sobha Singh.]

as the Honourable Mr. Sapru has put his case so eloquently and has mentioned the centrally administered areas, I thought I should say something about one part of the centrally administered areas, namely, New Delhi. Sir, in New Delhi, not officially but unofficially the Chief Medical Officer for Health has directed all the lady doctors in charge of the hospitals and clinics in New Delhi to give free advice in birth control and they are doing it for the last three years feeling there is a necessity for it. But, in the course of this experiment, I should say that we have noticed that there are strong prejudices. You may call it on grounds of religion or on any other ground—but there are prejudices. But a great deal of these prejudices are being removed. Another thing that I felt is this. Instead of having any Resolution of this kind from this House, all these areas, whether they are centrally administered or by the provinces, have local bodies. A majority of these local bodies are elected bodies and they have got control over their funds, over their hospitals and over their clinics. If they think that there is a necessity for it—and I am sure there is a necessity for it—they can do so without any orders from the Government.

Another thing. I personally feel that passing resolutions will not take us very far. The speech that the Honourable Member has made—a very eloquent one—will be very useful.

Another suggestion that my Honourable friend has made is about the All-India Radio. I entirely disagree with that suggestion. The radio is not the place, at least at this stage, to have any propaganda of this kind. The only propaganda needed is a quiet and slow one, if you want to succeed in this.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Sir, I rise to oppose the Resolution on the following grounds. This matter is, in my opinion, against the religion of the Mussalmans.

THE HONOURABLE MR. HOSSAIN IMAM: No.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: Yes, it is. In Hazrat Umar's time, the child may be put in a family and receive *Baith-ul-māl*. This proposition should receive public support and it should be circulated for public opinion as to what the Mussalmans think about it.

Sir, I oppose the Resolution.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I think I must congratulate the House on the great control it has shown in bringing forward this Resolution. My Honourable friend Mr. Hossain Imam told us that it was exactly five years ago today that this question was last discussed. It was open to the House to have discussed it every year. They have waited for five years, and I congratulate them on the control that they have shown about this Resolution. My Honourable friend Mr. Sapru described this House with becoming modesty as composed of intelligent and responsible persons. I should like to add to those qualifications, mature years and ripe judgment. I quite agree that we are a body who can discuss this question without emotion and in a calm atmosphere. My Honourable friend Mr. Hossain Imam could not help making a few flings at the Government Benches. He described us in picturesque language as a block of ice. I think he then changed the metaphor and called us an irresponsible element, and so on.

Well, Sir, I do not propose to deal with this question in a spirit of levity. I should first like to take up the wording of the Resolution. My Honourable friend's Resolution as drafted implies that we should go in for birth control in order to reduce the population. He is alarmed at the rapid growth of the population in India. He has gone on to describe what this rapid increase implies, the deterioration of physical standards, of standards of living, of the increase in the death rate, and so on. He has gone on to suggest that we should start these clinics in the centrally administered areas. I should like first to examine the question, whether there has been an alarming increase in the population of the centrally administered areas? I have had figures extracted and I find that the density of population in Baluchistan, which is one of the centrally administered areas, is nine to the square mile, as against a density of population throughout British India of 248 to the square mile. Then one of the other centrally administered areas is the Andamans and Nicobar Islands. There also I am glad to say there has been no alarming increase of the population, which also remains at the figure of about nine to the square mile. Then I come to Ajmer-Merwara. The density of population there is 207 to the square mile as against 248 for the whole of India. Then in Coorg, another of these centrally administered areas, the density of population is only 103. Of course I do not wish to mention the figures relating to Panth Piploda, which I think has only a population of about 4,000 and I have not been able to ascertain whether there has been any alarming increase in this small population. As regards Delhi, the circumstances are quite different. It is a Capital City. There has been a great migration of population and the increase has been due to causes other than want of restraint on the part of its population. Therefore, as far as the centrally administered areas are concerned, I do not accept the proposition that there has been an alarming increase, and yet my Honourable friend suggests that it is in these areas that this experiment should be tried.

My Honourable friend Mr. Sapru and my Honourable friend Mr. Hossain Imam said that famines had entirely disappeared. Unfortunately Ajmer-Merwara at the present moment is undergoing the worst famine it has had for the last 50 years. Three-fifths of the rural population at present is on relief works. Now there are two ways of looking at this question, one from the point of view of public health and the other, the much more controversial question which my Honourable friend has raised, of the alarming increase in the population. As regards the first question I quite recognise that in England there has been a movement that women suffering from certain diseases should avoid bearing children, for instance those suffering from tuberculosis, from heart affections, from diabetes and certain gynaecological diseases. That is quite a different proposition. If my Honourable friend had said that a time comes when repeated pregnancies cause grave injury to the mother and she should have an opportunity of being able to consult a doctor to help her to avoid this, I could understand it. But my Honourable friend is basing his Resolution on the rapid increase of population, and there I must say that we are treading on a very controversial point. Am I to assume that the Sikh community will be prepared to admit that their growth has been so rapid that steps should be taken to check their population? When in India the whole question of the numbers of the different communities is so much to the fore it is easy to understand the criticism to which Government—even a popular Government—would expose itself if it took steps to stabilise or check the growth of population. I can quite understand the misrepresentation and criticism to which even a popular Government would be liable. It would be said that they were deliberately trying to keep down the numbers of a

[Sir Jagdish Prasad.]

certain community or class. These are not merely theoretic dangers. I mean the whole question of the increase of population involves the question of the representation of the different communities which is based on their numbers. It is not merely a fanciful question which I am putting forward.

Then there is the religious difficulty. My Honourable friend has just seen this morning in this very House one Honourable Member get up and say that according to his understanding of the tenets of his religion such a thing is not permissible. There are even Christians, for instance, the Roman Catholics, who have religious objections to this. You cannot ignore ideas of that kind. And my Honourable friend called it a primitive belief of a primitive community in regard to the injunctions laid down that the Hindu should have a son in order to perform certain religious ceremonies. My Honourable friend was treading on very dangerous ground when he described such a belief as that of a primitive community or that it was a primitive belief. I am only pointing these out to show that to say that there are no religious objections is to ignore the facts. There is also a great deal of difference of opinion amongst scientists in regard to a general system of birth control. It is liable to great abuse if it is not properly safeguarded and properly checked. Perhaps if our fathers had exercised birth control some of us might not be here. Apart from that, are we sure that some of the great generals and poets and some of the great geniuses of the world would have been born if this birth control had been practised in the past. Is it certain that some of the greatest men have only belonged to small families? If my Honourable friend will look through the biography of the greatest men some of the greatest men who were born were members of large families. In regard to the question of physique in the part of the country from which my Honourable friend Sir Hissamuddin comes, where I am sure no such heresy as birth control is prevalent, the men are as healthy as in any other part of the country. I think, Sir, that my Honourable friend is going about the business in the wrong way. The emphasis should be rather on the health point of view and there the way to proceed is to educate public opinion. Local bodies and women's associations should inspire confidence and be able to convince the masses that what is being done is for their good. If you take up the question in regard to the very controversial point whether the population of India is increasing at an alarming pace and whether birth control is the only effective remedy, others might answer that the real remedies are to improve agriculture, to industrialise the country, to give education on a much vaster scale. Many people may say that the problem at present is to educate the people. That is the first thing and that after they have been educated these ideas will come naturally to them. If you start with a mass of illiterate people without any effort to educate them and try to teach them birth control it may lead to the stiffening, to the hardening, of prejudice and your efforts may fail. While I recognise that my Honourable friend views the problem more from the public health point of view than from that of population—at least I hope so—I think in the centrally administered areas from my experience of the last five years confining myself to the terms of the Resolution, the great need is to increase the facilities for education, to improve the methods of agriculture and even to improve the public health services. As regards Delhi itself, my Honourable friend Sardar Sobha Singh has pointed out to Honourable Members the way in which the New Delhi Municipality is proceeding with the business. They have instructed their women doctors to give advice to those who seek it.

I should just like to say one more word before I sit down. Perhaps Honourable Members are aware that there are only 700 women practitioners in India, so that the great need is first to increase the number of women doctors before you can make any effective impression in spreading a correct knowledge in regard to contraceptive methods. We have to go a long way first in obtaining competent Indian medical women before we can start giving instruction on a large scale in regard to birth control. Well, Sir, even this very irresponsible Government has advanced to this stage during the last five years that while the Member for Government, who is now the Governor of the United Provinces, representing the Home Department, opposed the Resolution, I on behalf of Government wish to announce that we shall remain neutral. I think I have said enough to show with what interest we have listened to the views expressed by Honourable Members. I have tried to point out the considerations that Members must have in view before deciding on this very difficult and somewhat controversial subject.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, even though the Honourable the Leader of the House has ultimately decided to remain neutral, he has made it perfectly plain how on various considerations that should weigh in deciding upon this matter the only rational course for this House would be not to accept the Resolution. The Honourable the Leader in the able and exhaustive speech which he has just made has succeeded not only in refuting all the arguments that have been just advanced on the floor of the House in support of the proposition that has been made but he has also succeeded in demolishing every argument that has been adduced at any time in favour of the measures that have been recommended in this direction. I feel, Sir, that when we have an opinion from one like the Honourable Member who could be expected to know more about the various aspects of this question than most of us, we will be well advised in taking his advice. Sir, Kunwar Sir Jagdish Prasad is not only in charge of public health and medical portfolios, but he is also in charge of the lands; he is also in charge of the activities that go to make up for the welfare of the people in the country. Therefore I feel that he is in the best position to judge as to whether the limit has been reached in the capacity of the land in the matter of production; he is in a position to know whether production in the country has kept pace with the increase in the population, whether the increase in the population has reached such a limit that it would be impossible with any kind of effort that might be made in the direction of improving the resources of the country that it would be impossible to meet the needs of the increasing population. As has been said by Kunwar Sir Jagdish Prasad there are a number of places in India where the population is too small, not to say that it has reached its limit. There are tracts where there are only nine persons to every square mile and it is difficult to imagine how nine persons could be considered to be a sufficient number for an area of a square mile. (An Honourable Member : "What kind of land? Hilly land?") Well, Sir, I will deal with that also. After all, the only object in inducing our friends to make this proposal is the alarming increase in the population but, as I have said, there does not seem to be any justification for us to take alarm at the pace at which the population has increased in the country.

Again, Sir, we cannot postulate that every effort that is necessary has been made to improve the resources of the country. Unless we find that it is impossible for us, with any kind of endeavour that we might make in the direction of improving the production in the country, we need not, I suppose, Sir, allow ourselves to be unduly alarmed by the increase in the population.

[Saiyed Mohamed Padshah Sahib Bahadur.]

If there is increase, it is just possible that it is only normal increase, and this in spite of the fact that there are a number of things which go to decimate the population and to reduce the number of people in the country. My Honourable friend Mr. Hossain Imam said that now the chances of those five scourges which he said are the enemies of mankind are less, but I cannot understand, Sir, how we can guarantee that the chances are less. There are people who think that the chances are more.

THE HONOURABLE MR. HOSSAIN IMAM: Substantiate that.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR: Well, that because with the improvement of communications, a number of new diseases are being imported into places where they did not exist before. The airways are bringing here new diseases, from Africa and from many other parts of the world which were not known to this country.

THE HONOURABLE MR. HOSSAIN IMAM: That has been checked.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR: And what guarantee is there that the earthquake which shook the province from where my Honourable friend comes will not occur again? Therefore, Sir, the factors that go to bring about reduction in the number of mankind are not at any rate reduced. They are as they were before and they will continue as such until the end of this world.

Well, Sir, there was another ground mentioned as a justification for the recommendation made by the Honourable Mover of this Resolution. It was said that, owing to the large increase in the population, owing to the enormous birth rate, the health of the people could not be looked after as it ought to have been. But, Sir, the opinion of medical men is to the effect that, if only the people improve in their health, if there is an improvement in the standard of life, then what actually happens is not an increase in the birth rate but quite the reverse of it, that is to say the moment people are able to have a better standard of life and have a better sort of nutrition, then there would be a reduction in the production of children. It looks as though the rise in the standard of life works in inverse ratio to the birth rate. Therefore, Sir, I feel that those of my friends who are alarmed at the undesirable state of health of the people of this country should try to see that steps are taken to improve public health, that steps are taken to provide medical relief, and this by itself would go to reduce the number of children that are born in this country. I feel, Sir, as has been said by some of the previous speakers, that there is some objection on the ground of religion also. I feel, Sir, that in a matter like this with which religion is intimately connected, not only a few but almost all the religions of the world are intimately connected, it is very undesirable that anything should be done by legislation. If at all, people who are of this opinion should go about educating public opinion, but I feel, Sir, that even that sort of thing—I mean an effort to educate public opinion—would not go to produce the desired result. The desired result would only be produced if people would go about advising their countrymen to follow better methods of sanitation and try to live a better sort of life. In this way, they would be able to do better service to the country than by postulating any methods of birth control.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar: Non-Muhammadan): Mr. President, I rise to support the Resolution; but I would like to take this opportunity to ask a few questions. I am personally very

much in favour of birth control and I would like to see its methods popularised. But I would like to take this opportunity to ask as to how far, from the reports that Government have been receiving from scientific experts and research scholars, these methods are found to be effective and conducive to health. I think information like that would be very useful for public knowledge. I am reminded, Sir, of a story about a man who had 17 children and went to an adviser. He was asked why, after all, did he have so many children. The fellow pathetically wailed: "They come like rain". "Why don't you use a mackintosh?" urged his adviser. "I do" was his reply, "but most of them are leaky". Therefore, I think, Sir, if Government have some information on this point, it would be of great public importance to know how far these methods have been reported to be efficient and how far they have also been reported to be conducive to the general health of the people. Of course, I do support the Resolution wholeheartedly and I would like to see some of the methods that have been really found to be effective and good, popularised.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Sir, the speech of my Honourable friend Sir Jagdish Prasad, throughout ingenious was in several places almost poetic. Not content with raising the ordinary objections against the Resolution of my Honourable friend Mr. Sapru, he went so far as to say or to imply that, if this Resolution were given effect to, it might result in a serious loss of ability to the country. We might lose the many geniuses that are being born in the country every year now. Well, if my Honourable friend's view is correct, the New Delhi Municipality, which is allowing instruction in birth control to be given in its hospitals, is one of the greatest enemies of this country. It ought to be taken immediately to task by my Honourable friend who is directly in charge of the department of medical relief and public health. But I am sure he will not go so far as to take such a step, thus showing that he does not believe in the argument that he has himself used. My Honourable friend referred to the old families in England which were large, and the children born in some of which made a great name for themselves. If really my Honourable friend's argument has any substance, we ought to inquire whether the more limited families that have become the rule in England now are producing less geniuses than England did 100 or 200 or 300 years ago.

Another difficulty, which was in part fanciful, to which my Honourable friend referred was that of religion. If birth control were being made compulsory I could understand its being objected to on religious grounds. But no one is being compelled to go to a doctor and learn contraceptive methods in order to limit his or her family.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: We do not want it to be limited.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: In the North-West Frontier Province from which my Honourable friend comes it may be all right.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: Everywhere.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: He may, when he runs short of food, join the men on the other side of the border and raid the settled districts. But those of us who have no such recourse open to them cannot take the same view of the matter that my Honourable friend Col. Sir

[Pandit Hirday Nath Kunzru.]

Hissamuddin does. No one can seriously suppose that if instruction is given in hospitals in birth control, it would be regarded as a violation of any religion. The Delhi Municipality, as pointed out by my Honourable friend Sardar Sobha Singh, is already allowing instruction in birth control to be given in its hospitals. Have the Hindus or the Mussalmans or those sects among the Christians for whom my Honourable friend Sir Jagdish Prasad seemed to have a great solicitude, object? I am sure no one has, for the simple reason that the desire for and knowledge of birth control is spreading amongst the educated women. Is it not desirable in these circumstances that there should be certain centres where they should receive proper instruction in regard to it? At present they have to depend entirely on themselves and they may make mistakes which may seriously affect their health or which may even endanger their lives. Surely it is not merely desirable but necessary in these circumstances that Government should either provide clinics themselves or should help in the establishment of clinics where instruction of the kind asked for in the Resolution of my Honourable friend Mr. Sapru could be given.

Another objection raised by my Honourable friend Sir Jagdish Prasad was that in the centrally administered areas there was no over-population. He quoted figures to show that in Baluchistan and the Andamans and Nicobar Islands, the number of persons per square mile was much less than in British India. He might, so far as the Andamans and Nicobar Islands are concerned, have gone further and said that owing to the removal of a pretty large number of life convicts from there, the population of the Andamans at least has gone down and that Government, so far from restricting the growth of population, should take steps to increase it, so that people who are unable to make a living in other territories might desire to go to the Andamans. But, happily, both his common sense and his sense of humour have prevented him from going so far.

A more serious argument used by my Honourable friend was that in Delhi and Ajmer-Merwara, which are the main territories under the control of the Government of India, the density of population per square mile was 207 as against 248 in the whole of British India. Now, so far as the whole of British India is concerned, it is acknowledged that the population is pressing heavily on the soil. The large increase that took place in the population between 1921 and 1931 is well known. I think it increased by about 35 millions, and it is feared that at the end of the current decade it will have increased by 50 millions more.

THE HONOURABLE THE PRESIDENT: This Resolution is limited to centrally administered areas only.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: It is, Sir. We see, taking the whole of British India, what the results from the economic and health points of view of over-population are. Does Sir Jagdish Prasad still want to wait till the density of population in Delhi and Ajmer-Merwara has become as great as it is in the rest of India? Is it not his duty as a prudent man to take steps to prevent such an undesirable situation from arising in those territories which are directly controlled by the Government of India where happily the situation is better than in the rest of the country?

I felt, Sir, when the Honourable Member was speaking that his sympathies were with my Honourable friend Mr. Sapru but that, being a Member of the Viceroy's Executive Council, he had perforce to be cautious, perhaps ultra-cautious, so that no one might accuse the Government of which he is a part of

being revolutionary in their desire to push forward social reform. My Honourable friend, however, when exercising so much caution and perhaps some self-restraint forgot that the British Government have, during the last three-quarters of a century, made themselves responsible for many measures of social reform which have led to acute religious controversies. Very recently they supported a measure for raising the marriageable age of boys and girls. There was undoubtedly a great deal of opposition to it. It has not yet subsided. Nevertheless, I do not think that Government have lost any prestige because of the action that they took in connection with that measure—

THE HONOURABLE THE PRESIDENT: But the Sarda Act is practically a dead letter.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: But there is this difference between the Sarda Act and the proposal made by Mr. Sapru. The Sarda Act is compulsory; Mr. Sapru's Resolution asks for the establishment of clinics the use of which will not be obligatory on any section of the population. It will merely help those who go to it voluntarily. Consequently the objection, Sir, that you had in mind does not apply to this Resolution. What I wanted to emphasise in referring to the action of Government in regard to the Sarda Act was that, having taken action in regard to a matter which was undoubtedly religious and which was meant to impose compulsion on the whole country, Government could not with any justification remain neutral in a measure of the kind suggested by my Honourable friend Mr. Sapru, which is already finding favour with women who have received education. Within a very short time I am sure that the desire for birth control will become general in urban areas. It is therefore the duty of the Government to recognise how things are moving and to take such measures as would give that education to women which is necessary in the interests of their health and safety.

THE HONOURABLE MR. P. N. SAPRU: Sir, my friend the Honourable Mr. Hossain Imam reminded me that five years ago he had moved a Resolution which was similar in principle to the one which I had the honour of moving in the House today. I did not know that that previous Resolution had been moved on the 18th of March also. I am glad that I selected this 18th of March, perhaps subconsciously. Mr. Hossain Imam supported the Resolution and I have nothing to say so far as his speech is concerned. He reinforced the arguments I had put forward and therefore I do not think I should be justified in detaining the House by examining his speech in detail. The second speaker on the Resolution was the Honourable Sardar Sobha Singh. Well, I think he was sympathetic to the Resolution and I think I am right in interpreting his attitude. He pointed out that the Delhi Municipality was doing some work in this connection and that the Chief Medical Officer of Delhi in his private capacity had been taking interest in the question of giving advice to women who wanted advice in regard to birth control. I think a word of appreciation is due so far as this officer is concerned. I wish more officers took an interest in the question of birth control. Then we had a very interesting speech from the Honourable Mr. Padeshah. I really could not understand all that he said. He pointed out that the increase in India was normal and that really we were not over-populated. Well, why is it that Australia, Canada and other European countries are able to maintain a high standard of living? One basic reason for their high standard of living is that their population is comparatively less than that of India. I know that the size of India is enormous, it is a sub-continent. But

[Mr. P. N. Sapru.]

even so the problem of raising the standard of living of the people would have been simpler if our population had been much less than it is today. We have shrinking markets. The war may stimulate industry for the time being, but we have to face shrinking markets. Our exports have to compete in open markets and it is doubtful if we can compete on equal terms with advanced countries. Sir, it is a fact that if you have too many children your standard of living goes down. We all see that in actual life. A man with two children is much better off than a man with six or seven or eight children. He can give those two children a better start in life. Therefore I think if we look at the question rationally we shall agree that the limitation of families enables us to give our children a better start in life.

I shall now come to the speech of the Honourable Kunwar Sir Jagdish Prasad. First, let me say that I am thankful even for small mercies, and the speech which he made today does represent an advance over the attitude taken up by Sir Maurice Hallett five years ago. Sir Maurice Hallett's attitude was one of frank opposition. Sir Jagdish Prasad says that Government will be neutral on this question. Of course we know that even though they are neutral on this question the Resolution will be defeated. But in any case the attitude represents an advance over the position taken up before and I am grateful for this change of attitude. Now the Honourable Mr. Kunzru has subjected his speech to detailed criticism and he has anticipated many of the arguments that I had intended to advance against the position taken by Sir Jagdish Prasad. He says the health point of view should be paramount. I agree, but it has also to be looked at from the economic point of view; that is also important. If you look at the question from the point of view of the community as a whole, the social point of view, you cannot ignore the economic point of view. So far as the individual is concerned certainly the health point of view is very important, and that concerns the nation of course. But the economic point of view is also very important. Then he said that the centrally administered areas were not too thickly populated. I did not say they were too thickly populated. I introduced the centrally administered areas into my Resolution for two reasons. First of all, I was not sure in my mind that it would be possible for me to discuss this Resolution if I did not introduce the words "centrally administered areas." It might have been ruled out as a Resolution affecting Provincial Governments. Secondly, frankly I would like the Government of India to take a lead in this matter. We are today in a better position than the provinces to take a lead and therefore should anticipate the future developments in Delhi and Ajmer-Merwara. It is quite true that the density of population in Delhi is only 217, but it might be much more in the next decade —

THE HONOURABLE MR. HOSSAIN IMAM: It is 217 in Ajmer-Merwara.

THE HONOURABLE MR. P. N. SAPRU: It is Ajmer-Merwara—it is quite true. Anticipating increase we should take steps to check this increase. I think the Honourable Sir Jagdish Prasad will agree with me that prevention is better than cure. He is a Minister of Health and his medical advisers will tell him that preventive medicine is more important than curative medicine today and therefore before Ajmer-Merwara and Delhi get over-populated we should take steps to check population in these areas.

Then, Sir, religion was also urged as an argument against birth control. Frankly, Sir, I cannot see any connection between religion and birth control. Religion determines our attitude towards our Maker. Why should it enter into the minutest detail of a man's life? I think the point of view for which the

Honourable Mr. Padshah and the Honourable Sir Hissamuddin stood is an obscurantist point of view. If your religion tells you that you must not practise birth control, that you must go on multiplying as fast as you can—

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: Yes.

THE HONOURABLE MR. P. N. SAPRU—that you must have unlimited and large families, you are quite at liberty to do so. I do not compel you to do otherwise.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: Then this Resolution is not required.

THE HONOURABLE MR. P. N. SAPRU: I do not compel you to go to a birth control clinic and take advice. There may be other individuals who may have a different conception of life. A man may think that 15 or 18 children are a nuisance, that he can give to his children a better start in life if he has only three or four children and he may wish to practise birth control. You have a large number of educated young girls who have a different conception of life from what Sir Hissamuddin has; they will practise birth control in any case and if they cannot get proper advice they will read some literature which is not perhaps very good and they will go in for methods of birth control which are not scientifically good and healthy. I think, Sir, that there is a difference between the Sarda Act and the principle embodied in my Resolution. That difference was pointed out by the Honourable Mr. Kunzru. The Sarda Act applies to everybody; here I do not compel everybody to go and take advice in regard to birth control. All that I have asked for is that advice in regard to the methods of birth control should be available in Government hospitals and in Government clinics. That I think is not a very unreasonable proposition and I think religion has got nothing to do with this proposition. If you think that religion tells you to have 12 or 13 or 14 children, do please that religion by all means and we shall wish you joy of that religion of yours.

Now, Sir, Sir Jagdish Prasad said that if there had been limitation of families one does not know whether some of the men who have distinguished themselves in life would have ever seen the light of day, whether they would have been in this world of ours. We have got no statistics in regard to these matters. I do not know whether geniuses are produced in large families or in small families. The science of eugenics is yet in its infancy and it would be interesting to find out what the proportion of geniuses is to large families. I know this, Sir, that England and France are culturally, educationally, economically advanced countries, and their cultural standards, their educational standards, and their economic standards have not suffered as a result of increasing birth control propaganda. I know, Sir, that the Dutch are an enterprising people; they are a great maritime nation; they have built a big Empire for themselves and I do not find that the Dutch suffers in efficiency as compared with us—the most ancient civilisation on God's earth; that is our claim. Now, Sir, we should profit by experience and the religion that we stand for, the social philosophy that we work for, should have some relation to the facts of modern life. I ask my friends to judge this question on the merits, not to be guided by sentiments. I do not know what our ancient scriptures have got to say about birth control. I have never cared or bothered to read those scriptures for this purpose; but I see misery and poverty and distress around me and I want to tackle these problems of misery and poverty and under-nourishment and ill-health in a serious manner, in a manner befitting a social worker, and I would ask, Sir, the support of the House on these humanitarian grounds. Sir, I would like

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to press this Resolution to a division. I think we have an opportunity today of obtaining the real mind of the Council and I would not like this opportunity to be lost.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: Sir, I wish only to add a few words to what I said before. I am glad of the confession that my Honourable friend has made that the reason why he concentrated on the centrally administered areas was that he might escape your critical eye, and that otherwise his desire to limit the population of India through this method might not be fulfilled. The Resolution being worded as it was, I tried to show to the House that the centrally administered areas were the areas which were least liable to the dangers which my Honourable friend was trying to find a remedy against. I tried to show that the density of population in the whole of India was 248 per square mile and that the centrally administered areas were in many parts very sparsely populated.

THE HONOURABLE MR. HOSSAIN IMAM: What about Delhi?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: I gave the reasons about Delhi; it is an exceptional case due to the growth of the Imperial capital. My Honourable friend Pandit Hirday Nath Kunzru, who does not happen to be here now, accused me of having strayed into poetry in dealing with this question. I thought I was extremely prosaic and I was trying to state the facts in as cold and as unsentimental a way as I possibly could. All that I say is that it is an interesting speculation that, if birth control had been strictly enforced in the past, some of the great men who have altered the history of the world might not have seen the light of day. The difficulty, Sir, in dealing with this Resolution is that my Honourable friend opposite says he has never read the scriptures, he does not wish to bother about them, he does not care what they say. But the Governments not only of India but of the provinces, have to deal with the masses who profoundly believe in these religious scriptures and they have to take into account what are the beliefs of these people. If one was dealing with men like my Honourable friend there would be no need for this discussion. He ignores the profound influence that religion exercises on the vast masses of people. But I do not think the Government can plunge into a religious controversy, if the question is going to arouse religious controversy, especially an irresponsible Government. I can understand my Honourable friend or somebody raising this issue where there are popularly elected Ministers. Any action which they took would not be liable to that misinterpretation and that prejudiced criticism that an irresponsible Government is likely to encounter. Therefore there is good reason for a certain degree of caution in dealing with this highly controversial subject because my Honourable friend has worded it in a controversial manner. He has not said that these clinics are required for the health of the mother. He says that he wants these clinics in order to reduce the population. That is the whole objective and he has made certain statements which in the abstract cannot be accepted. He went on to say that a family of three is less of a burden than a family of six. Ask the Government of France at the present moment. What has been the effect, from the military point of view, of their deliberate policy of limiting population? I think the main effect has been that the increasing population of their neighbour in the east has become a tremendous military problem. The whole of their civilisation, their very existence, has been severely handicapped and seriously jeopardised by the fact that their population has not increased in the

past. Therefore, you cannot lay down an abstract proposition that the limitation of population is desirable in all circumstances. I can quite understand your saying that we have reached the margin of subsistence but that is a proposition which has to be discussed on its merits. But to lay down a proposition that in all circumstances every nation should make it a deliberate policy to limit its population while its neighbours whom it may have to deal with in war should be allowed to increase their population, those are not such simple questions as my Honourable friend seems to think. The whole confusion has arisen because my Honourable friend and the Honourable Pandit Kunzru in supporting him did not say that they were interested in the health and safety of the mother. My Honourable friend urged his proposition in the interests of economics and sociology, and I think biology and psychology and many otherologies—I don't know which. I thought, Sir, that I had discharged my functions of a neutral in a very creditable manner because my Honourable friend Mr. Padshah thought that my arguments entirely supported his proposition while my Honourable friend Pandit Kunzru thinks that I am in deep sympathy with the Honourable the Mover of the Resolution. I shall maintain myself in that happy position, leaving it to the Honourable Members to interpret my neutrality in the most favourable light that they can.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"That this Council recommends to the Governor General in Council that in view of the alarming growth of the population in India, steps be taken to popularise methods of birth control and to establish birth control clinics in centrally administered areas".

Question put: the Council divided:

AYES—9.

Askuran, Hon. Mr. Shantidas.
Buta Singh, Hon. Sardar.
Chettiyar, Hon. Mr. Chidambaram.
Hossain Imam, Hon. Mr.

Kunzru, Hon. Pandit Hirday Nath.
Mahtha, Hon. Rai Bahadur Sri Narain.
Menon, Hon. Sir Ramunni.
Sapru, Hon. Mr. P. N.
Sobha Singh, Hon. Sardar Bahadur.

NOES—8.

Abdul Sattar, Hon. Mr. Abdul Razak
Hajee.
Haider, Hon. Khan Bahadur Shams-ud-Din.
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.
Kalikar, Hon. Mr. V. V.

Muhammad Hussain, Hon. Khan Bahadur
Mian Ali Baksh.
Padshah Sahib Bahadur, Hon. Saiyed
Mohamed.
Patro, Hon. Sir. A. P.
Sinha, Hon. Kumar Nripendra Narayan.

The Motion was adopted.

DELHI MASAJID BILL.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Sir, I rise to move for leave to introduce—

"A Bill to make better provision for the administration of Masjid and the Endowment of the Jama Masjid, Fatehpuri Masjid and Kalan Masjid of Delhi."

Sir, it is not customary to make any speech at the introduction stage. I would ask the House to look into the Statement of Objects and Reasons as

[Mr. Hossain Imam.]

embodied in the Bill itself. I would simply like to remind the House that although technically it is a new Bill, it is in reality the old Bill which was introduced last year and circulated for eliciting public opinion. Unfortunately, the Mover of that Bill has been degraded to the lower House with the result that his Bill has lapsed and I have to father his child.

Sir, I ask for leave to introduce the Bill.

The Motion was adopted.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I introduce the Bill.

The Council then adjourned till Eleven of the Clock on Thursday, the 21st March, 1940.

COUNCIL OF STATE.

Thursday, 21st March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Mr. John Francis Sheehy (Nominated Official).

STATEMENTS, ETC., LAID ON THE TABLE.

CONVEYANCE ALLOWANCES ADMISSIBLE TO MEMBERS OF THE INDIAN LEGISLATURE.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary): Sir, I present the report of the Committee appointed in pursuance of the Resolution adopted by the Legislative Assembly on the 12th February, 1940, to consider the question of conveyance allowances admissible to Members of the Indian Legislature.

Report of the Committee appointed in pursuance of the Resolution adopted by the Legislative Assembly on the 12th February, 1940, to consider the question of conveyance allowances admissible to Members of the Indian Legislature.

On the 12th February, 1940, the following Resolution was moved in the Legislative Assembly:—

"This Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as—

- (1) to abolish the right to draw free haulage of a motor car or of a carriage and two horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and
- (2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi."

As the result of an amendment moved by Mr. Boyle, the following Resolution was adopted:—

"This Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both Chambers to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature."

2. We, the undersigned members of the Committee appointed in pursuance of this Resolution, have discussed the question of the allowances of Members of the Indian Legislature in all its aspects but we have confined our practical conclusions to the two questions raised by the original Resolution moved on behalf of Government and reproduced in paragraph 1 of this Report. On the first of those questions the majority of us feel that, if the free haulage concession were abolished, the allowances admissible to Members should, in fairness to them, be increased to an extent which would more than counter-balance the saving to public revenues accruing from the abolition of the haulage concession. We, therefore, recommend that the haulage concession be retained as it stands. We feel, however, that the question would merit further consideration if arrangements could be made with a contractor for the supply of hired cars for the whole-time service of Members at more economical rates than now prevail and we recommend an examination of the possibility of such arrangements.

3. On the second question, we considered an alternative to the proposal embodied in the Resolution moved on behalf of Government, namely, that, in view of the fact that living in Old Delhi is generally speaking less expensive than living in New Delhi, the extra concessions admissible to Members living in Old Delhi should be wholly abolished. We were, however, unable to agree to the adoption of this alternative and we have decided to recommend the adoption of the proposal embodied in the original Resolution, namely, that the right to the enhanced conveyance allowance should be confined to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi.

ZAFRULLA KHAN.

M. MUAZZAM.

F. E. JAMES.

*M. A. GHANI.

*SANT SINGH.

S. N. MAHTHA.

M. S. A. HYDARI.

H. IMAM.

K. GOVINDACHARI.

NOTE.

We think that the present rules governing the grant of travelling and other allowances to Members of the Indian Legislatures contain some anomalies and therefore require re-examination. We were glad therefore, when Government came forward with their Resolution to amend those rules. The Committee of both Councils of Legislatures was appointed and held sitting on 17th of March last. We regret to say that fuller details were not made available to the Committee to deliberate on all aspects of this important question. We therefore suggested that this committee should continue to function and should be asked to further investigate into the matter.

We, however, take this opportunity to record our view on the matter of allowances for use in any future enquiries on the subject. We submit that the line of approach to the question should be such as to facilitate the work of the Legislators by providing necessary conveniences consistent with the dignity and status befitting the position of Members of the Central Legislatures. The object of allowance is obviously to indemnify the Members for any expenditure that they may incur on travel from and to their headquarters and for maintaining an additional establishment in Delhi. For this purpose the Government has built good and decent quarters for the Members in New Delhi and permits free haulage of motor cars from the station nearest to the Members' official headquarters to New Delhi and back. In addition to free haulage conveyance allowance at the rate of Rs. 75 p.m. is admissible to Members living in Old Delhi. The present motion was to abolish free haulage and the right to enhanced conveyance allowance of Rs. 5 per diem now admissible to any Member who resides outside New Delhi. We agree that now that the facilities built by the Government at a great expense the distinction between the residence in New Delhi and Old Delhi should be done away with. As a matter of fact the rules should be

*Subject to a note.

for Members to reside in quarters built by the Government. It is only in such cases as where such accommodation is not available for Members for their residence that exception should be made. There are at present 141 Members in the Legislative Assembly of which 21 are Officials and 58 Members in the Council of State of which 11 are Officials. The accommodation thus necessary for Members of Central Legislature is about 168. If we include some of the Official Members who require residence as well the accommodation for about 180 will be necessary. The quarters now available in Delhi do provide such accommodation either in orthodox bungalows or in Western Court. Therefore, there does not seem to be any reason why the Members should ordinarily live outside such accommodation. But we do not recommend the hard rule compelling every Member to live in such quarters. We will recommend that discretion should vest with the President of respective Houses to grant permission under special circumstances to a Member to live in any other place which is neither his residence nor the Government quarters.

As regards the haulage of motor cars total cost of the Government is estimated to be about 65 thousand rupees per annum. In addition to it the Government incurs some thing like 80 thousand rupees in the shape of conveyance allowances to Members who do not bring their cars with them. Thus the total amount comes to something like 1 lakh 45 thousand rupees. We will, therefore, suggest that if a flat rate of 150 rupees per Member be sanctioned for conveyance allowances in Delhi and haulage is stopped the total cost will come to about 30 thousand rupees a month. Taking both the Sessions to extend over a period of 3½ months the total cost will be about a lakh of rupees. Thus the saving to the Government will be 45 thousand rupees annually. 150 rupees a month in Delhi would enable the Members to hire a decent car and the Committee has suggested that the Labour Department should investigate into the question of hiring the cars for the use of Members during the Session of the two Houses. We take this opportunity to draw the pointed attention of the Government to the high rents charged for quarters in New Delhi. The general rule governing the rents of such quarters is that certain percentage of the cost price of a quarter or 10 per cent. of the salary of the occupier whichever is less. Thus the maximum amount chargeable is 10 per cent. of the salary of the occupier. In such a case it can safely be presumed that all Government quarters are not fetching that much rent which its cost probably warrants. Therefore if the Members demand that the rent charged for these quarters should not exceed 10 per cent. of the allowances which are eligible to a Member; this demand is very reasonable and should be conceded in order to further persuade the Members to occupy these quarters. We therefore recommend :—

- That the free haulage of motor cars be stopped.
- That a convention, if not a rule, be established in pressing the desirability on the Members to live in accommodation provided by the Government.
- That a flat rate of Rs. 150 a month for the period during which the Central Legislature is in session be sanctioned.
- That the rate of the rent of Government quarters be reduced to 10 per cent. of the daily allowances eligible to a Member.

In the end we will suggest that the Government should examine the following two questions as well :—

- That the Members of the Central Legislature should be paid at the basis of monthly allowances eligible throughout the year as is the case in Great Britain regarding the Members of Parliament;
- That instead of allowing 15 first class fares to Members from and to their headquarters, first class passes for travel in all Railways be granted to Members. These passes should be available for a Member for use in their constituency throughout the year in order to enable the Members to educate their constituencies in matters relating to their duties as legislators whenever the occasion demands.

SANT SINGH.
M. A. GHANI.

MOTOR VEHICLES INTERNATIONAL CIRCULATION RULES, 1933.

THE HONOURABLE MR. S. N. ROY (Communications Secretary): Sir, I lay on the table a copy of the Notification of the Government of India in the Department of Communications No. R63, dated the 21st February, 1940 making further amendments in the Motor Vehicles International Circulation Rules, 1933.

DEPARTMENT OF COMMUNICATIONS.

NOTIFICATION.

ROADS.

New Delhi, the 21st February, 1940.

No. R.-83.—In exercise of the powers conferred by sub-section (1) of section 92 of the Motor Vehicles Act, 1939 (IV of 1939), the Central Government is pleased to direct that the following further amendments shall be made in the Motor Vehicles International Circulation Rules, 1933, the same having been previously published as required by sub-section (1) of section 133 of the said Act, namely:—

1. For sub-rule (2) of rule 1 of the said Rules, the following sub-rule shall be substituted, namely:—

"(2) They shall extend to the whole of British India, including Berar."

2. In the Note to Annex. C, in the First Schedule to the said Rules, for the entries—

Colony and Protectorate of Kenya
Colony and Protectorate of Uganda
Colony and Protectorate of Zanzibar
Colony and Protectorate of Nyassaland
Tanganyika Territory
Northern Rhodesia

EA"

the following entries shall be substituted, namely:—

Colony and Protectorate of Kenya

EAK

Colony and Protectorate of Uganda

EAU

Colony and Protectorate of Zanzibar

EAZ

Colony and Protectorate of Nyassaland

NP

Tanganyika Territory

EAT

Northern Rhodesia

NR"

S. N. ROY,

Secretary to the Government of India.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to impose a tax on excess profits arising out of certain businesses which was passed by the Legislative Assembly at its meeting held on Wednesday, the 20th March, 1940.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

THE HONOURABLE MR. S. N. ROY (Communications Secretary): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, three non-official Members to serve on a Standing Committee to advise on subjects other than Roads, dealt with in the Department of Communications, viz. Broadcasting, Civil Aviation, Meteorology, Major Ports and Posts and Telegraphs, during the year 1940-41."

The Motion was adopted.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

The Motion was adopted.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I move:—

"That this Council do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official Members from the Council who shall be required to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1940."

The Motion was adopted.

STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

The Motion was adopted.

STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I move:—

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, four non-official Members to serve on the Standing Committee on Emigration."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the five Motions which have just been adopted by the Council, I have to announce that nominations to each of the five Committees will be received by the Secretary up to 11 A.M. on Tuesday, the 26th March, 1940, and the dates of election, if necessary, will be announced later.

COAL MINES SAFETY (STOWING) AMENDMENT BILL.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary) : Sir, I move :—

"That the Bill to amend the Coal Mines Safety (Stowing) Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

I have very little to add, Sir, to the Statement of Objects and Reasons given at the end of the Bill. The only explanation which I need offer is that this Bill seeks to put back a clause which was deleted in the other House when the Bill was passed last year. The Honourable Member who moved the amendment for the deletion of the clause thought that there was no necessity for it, but when we came to administer the Act we found that certain processes were not covered by the Act as it stood. Therefore we had to undertake this amendment.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clauses 3 to 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. S. A. HYDARI : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INCOME-TAX LAW AMENDMENT BILL.

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official) : Sir, I move :—

"That the Bill to amend the law relating to Income-tax, as passed by the Legislative Assembly, be taken into consideration."

Sir, this Bill does not introduce any important change of substance. The immediate necessity for this Bill, as Honourable Members must have noticed, has arisen as a result of a decision of the Bombay High Court which had the effect of invalidating certain income-tax proceedings on a purely technical point. The defect so brought to light was immediately set right by the issue of an Ordinance and this Bill proposes to legislate for the matter covered by that Ordinance. Advantage has also been taken of this opportunity to insert in the Act a provision enabling the provisional collection of income-tax in the event of the Finance Bill not becoming law before the 1st April in any year. The Bill also seeks to effect certain other amendments the reasons for which have been fully explained in the Notes on Clauses.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

(302.)

Clauses 3 to 6 were added to the Bill.

Clauses 7 to 10 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. SHAVAX A. LAL : Sir, I move :—

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :—

"That the Bill further to amend the Reserve Bank of India Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

Sir, it is a well recognised and generally accepted principle that the shares of a Central Bank, when the Bank is of the share-holding variety, should be distributed as widely as possible so as to minimise the risk of the policy and administration of the Bank being dominated by sectional interests. It must be clear that if any particular group or interest were to acquire an undue share of the voting power it could impose on the country a policy dictated by its own particular interests which might or might not coincide with the best interests of the community as a whole.

The provisions of the Reserve Bank of India Act, II of 1934, relating to share capital, share registers and shareholders were designed to constitute a very broad based electorate for the Central Board of the Bank by means of a wide distribution of its five lakhs of shares.

Since those provisions came into force on the 1st April, 1935 there has occurred year by year an increasing concentration of shares in the hands of large holders. I can give a few figures which will illustrate the progress of this development up to date. On the 1st of April, 1935, the number of shareholders was 92,047. By the 31st of December, 1936, it had fallen to 66,273, a reduction of 28 per cent. On the 31st December, 1937 the percentage reduction in the number of shareholders had risen to 32 per cent. ; on 31st December, 1938 to 35 per cent. and on 31st December, 1939 to 38 per cent. Correspondingly there has been a progressive sterilisation of voter, the number of frozen votes having increased from 13,000 on 31st December, 1936 to 17,473 on 31st December, 1939. Honourable Members will thus see that the undesirable tendency to which I have referred still continues.

Developments in this direction were actually apprehended when the Reserve Bank Bill was before the Legislature in 1933, and a non-official amendment was moved in the course of the debates designed to prevent any individual from acquiring an interest in the share capital of the Bank to a nominal value in excess of Rs. 20,000 (i.e., 200 shares). The Government while making it clear that they fully accepted the principle of a wide distribution of shares, opposed the amendment on the ground that the arrangements made to ensure a wide distribution of shares at the original allotment were likely to prove adequate to maintain that position, in which case the proposed restriction would be unnecessary ; and if unnecessary, then also undesirable as its effect would be to restrict the marketability of the shares, and therefore their popularity. For it is obvious that the liquidity of an investment in these shares would be prejudiced if the quick sale of a block of shares became a matter of some difficulty as the result of individual holdings being limited by law.

[Mr. C. E. Jones.]

Well, Sir, it has to be admitted that experience has proved the ineffectiveness of the existing provisions of the Reserve Bank Act in preventing the undue concentration of the Reserve Bank shares and the Government have decided to accept the safeguard of a limitation on individual holdings of shares which was urged by non-official opinion in 1933 and since then on several occasions by the Central Board of the Reserve Bank. The Reserve Bank Board has kept this matter under continual review and has only recently reiterated its previous recommendations in favour of the legislation now proposed. Notwithstanding its disadvantages and its possible limitations in securing in full the object desired, we are, I submit, justified, in the light of past experience, in regarding this measure as a move in the right direction, calculated to arrest further deterioration in the position, and I accordingly commend it to the House for acceptance.

Sir, I move.

The Motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES: Sir, I move:—

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, due to the Easter and Holi holidays from tomorrow the 22nd to Monday the 25th of March there will be no sitting of the Council of State.

I propose, therefore, that the Council of State should meet next on Tuesday the 26th when the Excess Profits Tax Bill, which has been laid on the table this morning, will be taken up for consideration. If the debate on that Bill is not finished on that day it will be continued on the next day.

The Council then adjourned till Eleven of the Clock on Tuesday, the 26th March, 1940.

COUNCIL OF STATE.

Tuesday, 26th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

DINING CARS ON STATE RAILWAYS.

61. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state whether the present running of the Indian dining cars on State Railways is in the near future to be discontinued? If so, on what line and in what section and why? Is a similar curtailment of European (restaurant) refreshment cars under contemplation? If so, why?

THE HONOURABLE SIR GUTHRIE RUSSELL: The question of curtailing the present services of both Indian and upper class refreshment cars is being examined in detail by Railway Administrations. It is doubtful if the custom attracted by some dining cars warrants their retention and the case for restricting dining car services is more urgent in the present war circumstances, owing to the need for conserving resources.

DINING CARS ON STATE RAILWAYS.

62. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state the concessions in respect of free passes for luggage, stores and staff and staff allowances on State Railways allowed for—

(i) Indian dining cars, and

(ii) European restaurant cars?

Are the conditions of contract and facilities allowed same for both or is there any difference? If there is difference, will Government state the reasons? Will Government place on the table of the House a copy of agreements in both cases?

THE HONOURABLE SIR GUTHRIE RUSSELL: I have called for the information and will lay a reply on the table of the House in due course.

STATEMENTS, ETC., LAID ON THE TABLE.

THE HONOURABLE MR. C. E. JONES (Finance Secretary): Sir, I lay on the table copies* of—

- (1) Central Government Commercial Appendix to the Appropriation Accounts (Civil) 1938-39 and the Audit Report, 1940;
- (2) Central Government Appropriation Accounts of the Defence Services for the year 1938-39; and
- (3) Central Government Audit Report—Defence Services, 1940.

* Not printed. Copies placed in the Library of the House.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

THE HONOURABLE THE PRESIDENT: Honourable Members, with reference to the announcement made by me on the 21st March, regarding nominations to the five Committees, I have to announce that the following Honourable Members have been nominated for election to the Standing Committee to advise on subjects other than "Roads" dealt with in the Department of Communications:—

1. The Honourable Rai Bahadur Lala Ram Saran Das.
2. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
3. The Honourable Haji Syed Muhammad Husain.

There are three candidates for three seats and I declare them duly elected.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects in the Department of Commerce:—

1. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
2. The Honourable Mr. Chidambaram Chettiayr.
3. The Honourable Mr. Shantidas Askuran.

There are three candidates for two seats and an election will be necessary. The date of election will be announced later.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been nominated for election to the Central Advisory Council for Railways:—

1. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
2. The Honourable Mr. V. V. Kalikar.
3. The Honourable Kumar Nripendra Narayan Sinha.
4. The Honourable Sardar Buta Singh.
5. The Honourable Haji Syed Muhammad Husain.
6. The Honourable Sardar Bahadur Sobha Singh.
7. The Honourable Sir David Devadoss.

There are seven candidates for six seats and an election will be necessary. The date of election will be announced later.

STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects, with which the Labour Department is concerned:—

1. The Honourable Sir Ramunni Menon.
2. The Honourable Nawabzada Khurshid Ali Khan.

There are two candidates for two seats and I declare them duly elected.

STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been nominated for election to the Standing Committee on Emigration:—

1. The Honourable Pandit Hirday Nath Kunzru.
2. The Honourable Rai Bahadur Lala Ram Saran Das.
3. The Honourable Saiyed Mohamed Padshah Sahib Bahadur.
4. The Honourable Sir David Devadoss.

There are four candidates for four seats and I declare them duly elected.

EXCESS PROFITS TAX BILL.

THE HONOURABLE MR. J. F. SHEEHY (Nominated Official): Sir, I beg to move:—

"That the Bill to impose a tax on excess profits arising out of certain businesses, as passed by the Legislative Assembly, be taken into consideration."

Sir, before I speak on this Motion, I should like to say that the Honourable the Finance Member wishes me to say that he regrets very much that owing to having to attend the debate on the Finance Bill in the other House, he will be unable to be present at this discussion today.

Sir, this Bill has been before the country since the 27th of January and has had more than its fair share of public attention and criticism. In the course of its passage through the other House it has been very considerably amended and as it now stands Government consider that it is a measure which, having been altered to meet every legitimate criticism levelled against it, can be recommended confidently for the favourable consideration of this House.

I do not think, Sir, that the House will expect me to enter into a lengthy justification of the necessity for this measure or the propriety of introducing it at this stage. The Honourable the Finance Member's speeches on these aspects of the Bill have been fully reported in the Press and are no doubt familiar to Honourable Members of this House. Briefly, the main justification for the Bill is that there is a gap of some Rs. 3 crores in the estimated revenue for 1940-41 which has to be filled by some form of taxation, and as this gap is due to expenditure arising out of the war, the most appropriate tax for the purpose of filling this gap is a tax on the excess profits made by businesses

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in the conditions prevailing during the present hostilities. These profits are in one way or another almost entirely due to the war and it is only just that they should be called upon to make the first contribution to the increased expenditure which the present conditions entail. I do not think that any reasonable man can take exception to this principle.

Here I may anticipate a criticism of the Bill which has been made elsewhere and which may be made in this House. Why, it is asked, should not the operation of the Bill be confined solely to profits which are demonstrably due to the war? Sir, a taxation measure, if it is to be a success, must be a measure which is capable of being worked in practice so as to secure revenue with the maximum of certainty and the minimum of friction. If it were to be provided in this Bill that only profits demonstrably due to the war were to be taxed, we should have the minimum of certainty and the maximum of friction. Every taxpayer affected by the Bill would be encouraged to contend that the whole of his extra profits or a portion of them were not due to the war and the disputes on the question would be endless. Such a provision would be impossible to work in practice. And since it is generally true that extra profits arising during the war are due to the war, the amount of genuine non-war profits which will come within the damage of this Bill is inconsiderable. If there is any hardship in this matter which under the provisions of the Bill cannot be alleviated it is a small thing to set against the omission of a provision which would make the Bill entirely unworkable.

So much for the general considerations underlying the Bill. Coming now to the Bill itself, I think that the most helpful contribution which I can make towards the discussion of the Bill in this House is to explain its main provisions. And I think the first question that anybody would ask about this Bill would be, what profits does it propose to tax and to what extent does it propose to tax them? Now the Bill proposes to tax only business profits. Before explaining what business profits mean I should perhaps point out that this is a tax on the business as a whole and not on the individuals who own the business. Consequently, there is no provision such as there is in the Income-tax Act for assessing the tax on the individual members of firms. Business is defined so as to include certain professions; the earnings of a stockbroker, for example, will be taxable under this Bill, but not the earnings of a doctor, lawyer or accountant from his profession. Business also covers the holding of investments or property in certain cases; but, generally speaking, the holding of investments and property or the letting out of property by private individuals do not come within the scope of this Bill. The Bill will bring under taxation profits which arise both in British India and outside British India; but business profits arising outside British India will only be taxable in certain cases. In the case of persons ordinarily resident, the whole of their business profits wherever they arise will be liable. In the case of persons resident but not ordinarily resident, profits arising outside British India and not deemed to arise in British India will not be liable unless the business is controlled in British India. And in the case of non-residents, only profits arising or deemed to arise in British India will be taxable. In all cases the tax is leviable on the arising basis and not on the remittance basis, so that if a resident or a non-resident receives in British India foreign profits which are not taxable on the arising basis they will not be liable to the excess profits tax although they will be liable to income-tax.

So much for the nature of the profits which the Bill proposes to tax. The next question is the manner in which the Bill proposes that excess profits are

to be ascertained. In brief, the method is to compare standard profits, that is normal profits, with actual profits, that is war profits, throughout the whole period for which the tax is in force and to impose the tax on the excess, if any. It is important to remember that the tax is a tax not on the yearly excess but on the excess throughout the whole period for which the tax is to be in force. Old businesses have a wide choice of years in respect of which standard profits are computed. They can choose either 1935-36 or 1936-37, or 1935-36 and 1936-37, or 1936-37 and 1937-38, or 1937-38 and 1938-39. Businesses which were commenced on or after the 31st day of March, 1936 have the option to choose the profits of a standard period or the amount arrived at by taking a statutory percentage of capital employed in the business. This percentage is 8 per cent. in the case of companies and 10 per cent. in the case of other businesses. New businesses commenced after the 1st July, 1938 will not have been in existence long enough to have a standard period. They have to adopt the statutory percentage basis, but they are given the substantial concession of an increase in the percentage of 2 in each case. The standard profits of such new businesses will in the case of a company be 10 per cent. on the capital employed and in other cases 12 per cent. on the capital employed. I should here add that in the case of all businesses, both old and new, the statutory percentage will be allowed on all increases of capital.

I next come to the question as to the extent to which profits will be taxed under this Bill. In the first place a business which during the period for which the Act is in force makes on an average not more than Rs. 36,000 per annum will not be liable to the tax. That provision excludes the great majority of businesses which are assessed under the Income-tax Act and narrows down the number of businesses which will be assessed to excess profits tax, to not more than Rs. 2,500. When this Bill was first introduced the limit of exemption was Rs. 20,000 and the number of estimated assesseees was 5,000; so that that is now reduced by 50 per cent.

The tax is proposed to be levied at 50 per cent. of the excess profits. In this connection I may remind the House that income-tax and super-tax on companies represent a levy of 22 per cent., and that the excess profits tax to be worth imposing should be imposed on a percentage substantially higher than that figure. I may also point out that the alterations made in the Bill in the Select Committee of the other House, particularly in the matter of standard profits, made it impossible for the Honourable Finance Member to make any concession in regard to the percentage.

I now come to the question of relief in hard and special cases. It is obvious in a Bill of this kind that the normal provisions would bear hardly on certain businesses if we did not put in some provision in the Bill to give them relief. The concessions which the Bill provides for fall in either of two categories. Concessions in regard to the computation of standard profits—these are the great majority of cases—and concessions in regard to computing the profits of the chargeable accounting period. With regard to standard profits, the assessee if he thinks that his profits during the standard period are less than might at the beginning of that period have been reasonably expected, may apply to a Board of Referees for an increase, but the increased amount shall not normally exceed the statutory percentage of the capital employed. But a greater amount may be allowed for some specific cause peculiar to the business. That is, the Board of Referees can go above the statutory percentage. This right of reference to a Board of Referees does not cover the case of a depressed industry where it would not be possible to show that the profits of the standard

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period were less than might at the beginning of the period have been reasonably expected. In such cases, as well as in cases with which the Board of Referees deals, an application may be made to the Central Board of Revenue for an increase in the standard profits. Where the assessee considers that special circumstances exist which render it inequitable that the standard profits should be computed in the ordinary way. In such cases the Central Board of Revenue can increase the standard profits to an amount which, except in very special cases, cannot exceed the statutory percentage on the capital employed. Now the clause which gives the Central Board of Revenue power to give relief in those cases particularly directs the Central Board of Revenue to have regard to certain circumstances in disposing of such applications for relief. One is the smallness of the capital in relation to the volume of business. This would cover the case of a business like stock-broking where there is a large volume of business and a small capital employed. Another consideration to be taken into account is heavy preliminary or development expenditure. This would cover the case of the steel industry. A third case to which special attention is drawn is the case of a pioneer business such as, for example, would be the manufacture of aeroplanes or motor cars if somebody starts such an undertaking. Well, now, this relief in respect of standard profits would apply to most of the hard cases; but there are special cases where relief could only be given in respect of computing the profits of the chargeable accounting period, and in those cases the Central Board of Revenue can give relief where the profits are artificially inflated by the postponement of renewals or repairs: where it is equitable to make an allowance in respect of buildings, plant or machinery which will not be required after the war and where there is difficulty in remitting foreign profits and probability of loss in exchange. For all these cases it is desirable to give relief while the tax is in operation in respect of expenses or losses which will be incurred after the tax lapses. That is why you have to give the relief in respect of the chargeable accounting period.

Finally, the Central Board of Revenue has power to give to investment companies exemption or relief in respect of income from investments in companies which have paid excess profits tax.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : May I ask, Sir, if the manufacture of bicycles will be considered a pioneer business ?

THE HONOURABLE MR. J. F. SHEEHY: I should think so, if it is a new form of industry in this country.

Now, Sir, I turn to the question of the treatment of excess profits for income-tax and super-tax and double income-tax relief in respect of excess profits tax is to be allowed as an expense. Thus, if the standard profit is Rs. 1 lakh and the profit of the chargeable accounting period Rs. 2 lakhs, the excess income-tax and super-tax assessment will be levied on the remaining Rs. 1,50,000. I hope that is quite clear. Excess profits tax is taken off before income-tax and super-tax are levied. Excess profits tax imposed by a country outside British India on profits arising in that country is also allowed as a deduction for income-tax. As regards relief from double excess profits tax, power is given to the Central Government to make arrangements with countries which agree to give reciprocal relief. The United Kingdom have already agreed to do so. In the case of countries which will not give reciprocal

relief, the Bill provides for relief to the extent of half the tax in British India or in the foreign country, whichever is less. This follows a similar provision in the Indian Income-tax Act. It is a corresponding provision.

Now, Sir, coming to the period for which the tax is to be in force, one of the features of the Bill as originally introduced to which the strongest objection was taken was that it contained no provision limiting the period of its operation and no provision which gave the Legislature an opportunity to review the tax periodically.

THE HONOURABLE MR. P. N. SAPRU : Will the Honourable Member mind speaking a little louder and more slowly ?

THE HONOURABLE MR. J. F. SHEEHY : Coming now to the period for which the tax is to be in force, one of the features of the Bill as originally introduced to which the strongest objection was taken was that it contained no provision limiting the period of its operation and no provision which gave the Legislature an opportunity to review the tax periodically. As the Bill now stands, the tax is imposed only on the profits of accounting periods or parts of accounting periods which fall between the 1st of September, 1939 and the 31st March, 1941. Thus, in the case of a business whose accounting period is the calendar year, three assessments can be made under the Bill, one on the last four months of 1939, the second on 1940 and the third on the first three months of 1941. In this connection I should like to make some observations with reference to the criticisms that we have underestimated the yield from the tax in 1940-41. Over 50 per cent. of the assessable businesses have the calendar year and nearly 25 per cent. have the financial year as their accounting period. Since the accounts of a business will not be ready for some months after the close of the accounting period, this means that in 1940-41 we could at the most only assess 4 months' profits in over 50 per cent. of cases and 7 months' profits in another 25 per cent. of cases. But in practice, owing to the administrative difficulties to be overcome in providing the necessary machinery and owing to the work involved in devising forms, making rules and laying down the necessary procedure, it is likely that there will be considerable delay and this will have its effect on the yield of the tax in 1940-41. On all grounds, therefore, Government see no reason to believe that their estimate of the yield of three crores from the tax in 1940-41 will be exceeded. It is indeed not unlikely that the estimate will prove to be unduly optimistic.

Of the other matters dealt with by the Bill, the Bill provides its own machinery for assessment and for appeals ; in respect of other matters such as refunds and references to the High Courts on points of law it applies the relevant sections of the Indian Income-tax Act. The Bill contains detailed rules for computing profits and for determining the average amount of capital employed in the business. A provision to which I might draw the attention of Honourable Members is clause 10 which makes null and void artificial transactions designed to avoid excess profits tax and gives power to impose a penalty in respect of them.

Now, Sir, these are the main provisions of the Bill and I think now that the House might be interested to know the main changes which were made in this Bill since it was first introduced. First, the opening date from which the profits are to become liable has been altered from the 1st April, 1939 to the 1st of September, 1939. This change was made in response to the criticism that a measure imposing a tax on war profits should not tax pre-war profits. Actually the change is unfavourable to those businesses which had a lean period

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between April and September and began to make fairly good profits after September. However, that cannot be helped. It was not Government's proposal.

The operation of the tax from being unlimited in time is confined to the profits of the period between the 1st September, 1939 and the 31st March, 1941. The Legislature will have to renew it if necessary—

THE HONOURABLE MR. HOSSAIN IMAM : When will it come up for review ?

THE HONOURABLE MR. J. F. SHEEHY : In 1941. It will have to come up in the Finance Act, 1941.

Another change, Sir, is that the statutory percentage has been increased for new businesses by 2 per cent. all round. Another change is that businesses commenced after 31st March, 1936 and this includes old businesses where there has been a change in the persons carrying them on, such as changes in partnerships and so on—have been given the option to choose the profits of a standard period or the statutory percentage. Businesses which commenced business between 31st March, 1936 and the 1st July, 1938 have got this option.

Now, another change and the most important change from the taxpayer's point of view and the most expensive from the revenue point of view is the addition of a further option to the standard period, that is the years 1937-38 and 1938-39. The Honourable the Finance Member said in the other House that that would cost Government some crores of rupees.

In the original Bill the Board of Referees and the Central Board of Revenue could, in the case of companies, give relief only up to an amount represented by a percentage on share capital and this has now been altered to the statutory percentage on the capital employed in the business. This is a big change. (An Honourable Member : "What percentage will be allowed, Sir ?") The statutory percentage, which is defined,—8 to 10 in the case of old businesses and 10 to 12 in the case of new businesses. Another change is that the minimum standard profits have been raised from Rs. 20,000 to Rs. 36,000, and, as I have already pointed out, this reduces the number of businesses affected by about half. Then certain changes were made in favour of assesseees in respect of double excess profits tax relief and the allowance of foreign excess profits tax in the case of income-tax. Another important change is that the powers of the Central Board of Revenue to give relief in hard cases or in special circumstances have been greatly extended, so that all sorts of business can come up for relief that could not come up for relief under the Bill as originally drafted. Another change of some importance is that life insurance companies have been entirely exempted. Another change which led to a good deal of controversy is that bank loans and debentures are now to be included in the amount of capital employed in the business. And finally, there was a concession in the case of shipping ; sale proceeds of tonnage sold, compensation for loss of ships and accumulated reserves are to be included in the amount of capital employed in the business.

Now, Sir, these are very substantial changes in the measure as originally introduced and they have made it more equitable and more satisfactory to all concerned. As the Bill stands now, the Government think it is a very satisfactory measure from all points of view and I therefore commend it to the favourable consideration of the House.

Sir, I move.

THE HONOURABLE MR. J. H. S. RICHARDSON (Bengal Chamber of Commerce) : Sir, although this Bill is being considered in the House only today, Honourable Member have no doubt been following its progress in another place with close attention. Such is the nature of this measure that it has attracted the interest of everyone throughout the country who is engaged in commerce or industry, and for this reason the press have endeavoured to keep the business public in touch with the various alterations that have been made in the Bill since it was first introduced in another place. There is an expression which says that old news is no news, and consequently I do not propose to review the many changes that have been necessary to make the levy of this tax fall equitably on the various assesseees who will be affected by the provisions of the measure. Personally, from the study that I have made of the various clauses as they were first introduced and as they now appear before us, I have formed the impression that so far as can possibly be foreseen, the Bill will be likely to achieve what it sets out to do and that is to impose a tax on excess profits arising out of certain businesses in the conditions prevailing during the present hostilities. A great deal has been said about the principles of the Bill. There have been suggestions that the measure should apply only to those profits which can be directly attributed to those arising out of the war itself, but it does not take a great deal of deliberation to arrive at the conclusion that a tax based on this suggestion will be totally and completely impracticable of application. I therefore accept the main principles of the Bill as it now stands and I believe that clauses 6 and 26 very fully provide for those cases, which not being ordinary cases, require special consideration if hardship is to be avoided.

There is, however, one matter which I wish very strongly to bring to the attention of the Treasury Benches as well as to the attention of unofficial parties. It relates to the considerable concern which is already being felt regarding the adequacy of the machinery which will have to operate this complicated Bill. There is reason to believe that the business interests which I represent are not alone in their feelings of concern over this question and that they are shared by the Honourable Finance Member himself and his Department. For instance, in another place the Finance Member admitted that one reason why he agreed to the exemption limit above which excess profits will rank for taxation being raised from Rs. 20,000 to Rs. 36,000, was because the consequent reduction of the number of assesseees would assist the efficient administration of the measure. It is, therefore, evident that there is present in the minds of the Central Board of Revenue some doubt regarding the ability of the staff at their disposal efficiently to deal with all the complicated accounts and questions which will inevitably arise as a result of this measure. If they are anxious, then business houses who in any event will have a very large amount of extra work to do arising out of the Act, have every reason to be doubly so.

I think I am right in saying that there is frequent and recurring dissatisfaction with the administration of the present Income-tax law. I am not referring to administration in the sense of the rights or wrongs in various cases. What I mean is the ordinary business administration and routine, and I think I am correct in believing that the Central Board of Revenue themselves are not happy with the class of work which often comes to light in certain cases which have to be brought before them in the working of the Act. Most of us have in our personal and business files, evidence showing an appalling lack of business commonsense which in turn implies absence of that efficient supervision without which we business people know that the administration of any undertaking cannot run successfully or efficiently. I have every sympathy for and

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appreciate the practical difficulties of the Department, but surely it is the duty of the senior officials to supervise their staff and stop all unnecessary red tape harassment obviously wasteful to officials and businessmen alike.

The promise has been made that in the working of this Excess Profits Act, like will be compared with like when arriving at the taxable amount. Is it too much to hope that so far as is possible the same principle will be applied to the officials making the assessment compared with the standing of the assessee making the return? I am grateful for the assurance which the Finance Member has given in another place to the effect that every endeavour will be made to operate this Act fairly in all respects, but as we all know, the practical application of such assurances from the Centre have in the past often been unsatisfactory and this is generally traceable to the defective local administration which I have already mentioned. I would therefore like some additional and more definite assurance to be given that the time of business houses will not be wasted by their having to enter into lengthy explanations of the complicated accounts which it must be understood and appreciated from the start will be necessary.

On each assessment the accounts of the standard period chosen as well as the accounts to be assessed will require examination. The delay and inconvenience which will ensue can well be imagined if officials not sufficiently skilled are posted to operate the Act. We are given to understand that special officers are to be appointed. Where are they coming from? If they are going to be drawn from the existing Income-tax organisation which as I have already said cannot be considered as satisfactory, then it seems likely that matters will further deteriorate rather than improve.

Sir, I think I have said enough to show that there is justification for concern and in view of this and the fact that the working of this complicated Act is now to be imposed upon the evidently overburdened Income-tax organisation, I trust some detailed explanation will be given from the Treasury Benches as to what steps they propose to take to deal with the situation.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadan) : Sir, I am very grateful to the Honourable Mr. Sheehy for having given us in detail and explained most of the provisions of the Bill. Sir, I represent the business and industrial community and I would be failing in my duty if I did not express the opinion of my constituency.

Sir, the proposed duty on excess profits has met with universal opposition from all classes of businessmen in the country including Europeans. One only expects that the Finance Member will be able to appreciate the intensity of the feelings aroused by his proposal. No one would mind if the Government of India could lay its hands on excess profits, if India had developed industrially to the fullest extent and if the war had really resulted in large windfall profits to such industries. The comparison with England in this connection misses the mark. It is forgotten that England is a highly industrialised country with vast resources and unlimited capacity. In times of emergency like the present the British Government is certainly justified in levying an excess profits duty in England. But may I ask whether the British Dominions who are also keen to take their due share in the successful prosecution of the war, have thought of raising more money by imposing an excess profits duty on their industries? Some of the Dominions, particularly Canada, have industries which compare well with any other country. In spite of this the Dominions have not yet embarked upon such a policy, the reason being that they prefer to avail themselves of the present opportunity to develop their industries further, and

not put unnecessary obstacles in the way of their progress. If that is the position in the Dominions, why should the Government of India come out with proposals for an excess profits duty which will mainly fall on industries which are struggling for existence. No one can assert that we have reached a highly developed industrial stage in this country. It is common knowledge that the limited progress that we have been able to make during the last few years under the policy of discriminating protection, needs to be carefully developed by more intensive and thorough-going measures, if the resources of the country are to be utilised and its economic problems solved. While this general truth cannot be questioned, the glaring fact which faces one in the eye is the severe depression through which both our industry and agriculture have not been in recent years. Because of the very fact that our industries have not been sufficiently developed and strong, our capacity to resist the adverse effects of the depression was not great, and therefore we suffered comparatively more than the other industrial countries. This is borne out by the well-known fact that whereas the upward trend in economic prosperity was noticed in other countries some years ago we failed to share that prosperity because of our backwardness. It was only in the year 1938-39, that is the year just preceding the war, that for the first time we could notice some glimpses of better conditions for industry after a long period of about 15 years of depression. These unchallengeable facts, I submit, have been ignored by the Finance Member.

Unlike other countries we had no time and opportunity in this country to make good the losses of preceding years. Unlike such other countries we could not build up powerful reserves against the inevitable post-war depression which we must expect in future. If the war has given us an opportunity to make up for these mishaps of the recent past and put our house in order, is the Finance Member justified in striking at the roots of industry before it has had any breathing space at all? I may in this connection refer only to the policy of the Government of India themselves. It is obvious that though the war has not yet developed to any serious proportions, the Government of India seems to be anxious to impose heavy taxation in the very first year of the war with a view to meet unforeseen contingencies in the future. If this interpretation of Government's attitude is correct, should not industrialists in the country expect similar opportunities to build up their position when the opportunity exists, so that they can withstand difficult conditions which will be inevitable after the war.

There is no doubt that the excess profits duty is a disguised form of capital levy which will kill enterprise in the country. With the gradual turn of the tide of depression in 1938-39, we had slow beginnings of better times in the form of the starting of a few new ventures as indicated by the flotation of new joint stock companies in recent times. The inevitable consequence of this measure must be to damp the enthusiasm of all those persons who would have otherwise been willing to promote new industries or develop existing ones. Sir, we in this country talk a good deal of industrial development so that we can find means of alternative employment to large numbers of the people who are otherwise unemployed or underemployed. Instead of taking this long range view of things the Finance Member has chosen to adopt a measure which will come in the way of that general economic progress which we all desire, and thus lead to unemployment. I am afraid that by this short-sighted step he is unwittingly killing the hen that lays the golden eggs.

Coming to the details of the Bill, I find several anomalies though I shall confine myself only to a few. The most controversial part of the Bill is that which relates to the calculation of standard profits. By not allowing to take

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into account the profits of the year 1938-39 by itself in the calculation of standard profits is not the Finance Member deliberately planning to take away more than would be otherwise justifiable, even if the tax were accepted in principle. Is it fair, may I ask, to take the profits of lean years only as the basis of calculation, so that the standards profits may be as low as possible, with the consequence that a larger sum could be declared as excess for the purposes of the Government Department concerned. In most parts of the country the accounting year for business is usually the Hindu year which begins after *Dewali* and it is not clear as to how those businessmen who adopt this accounting year, will be affected by the methods proposed by the Finance Member.

THE HONOURABLE MR. J. F. SHEEHY : What exactly do you want to know ?

THE HONOURABLE MR. SHANTIDAS ASKURAN : Whether the *Dewali* year will be taken into account ?

THE HONOURABLE MR. J. F. SHEEHY : The *Dewali* year will be accepted as the chargeable accounting period.

THE HONOURABLE MR. SHANTIDAS ASKURAN : The other mysterious problem which baffles most of us is whether in calculating excess profits income from sources other than business will be taken into account ? In my opinion it would not be fair to do so if the real intention of the Bill is to take only excess profits which have accrued on account of the war. Because of this and other similar anomalies which are bound to arise in the course of administration, the taxpayer will invariably suffer. We are promised a tribunal in the Bill but all of us who have experience of such bodies know full well, that the interpretation of the different sections of the Bill with reference to difficult cases will usually be with a view to more revenue, and not so much with a view to do justice to the taxpayer. I apprehend these difficulties all the more because as the Finance Member himself has admitted the machinery for the administration of this tax has yet to be set up. The only persons on whom he is likely to draw are officers of the Income-tax Department about whose vagaries all of us have some experience. Whatever happens the Finance Member will do well to make sure that ordinary profits are not merged into excess profits by the machinery which he proposes to set up. A good deal will depend on the way in which the excess profits are determined in practice and the harm which is likely to be caused in any case to industry in general by this measure, will be further intensified many times if the kind of apprehensions that I have ventured to express remain in practice.

Even if these difficulties were removed, the question remains whether the Finance Member is justified in fixing the rate of the tax at 50 per cent. of the excess profits. In fact he has himself admitted that he is groping in the dark regarding the yield of the tax. It is well known to the public that the Indian Government tend to underestimate their revenues.

I must congratulate the members of the Select Committee for the hard and patient work that they seem to have done which has resulted in amendments to the original Bill. The provision to allow the year 1938-39 along with the year 1937-38 for the calculation of standard profits, the arrangement by which the rate of the tax will be subject to revision each year, the exemption of the profits of life insurance companies, the raising of the minimum amount of standard

profits from Rs. 20,000 to Rs. 30,000—these and other changes which the Select Committee has made do in the aggregate remove some of the more serious objections in the detailed provisions of the Bill, though they do not in any way remove the more fundamental general criticism to the very nature of the tax which I have ventured to make. The same remark applies to the very desirable change made by the Assembly in raising the minimum limit to Rs. 36,000.

I am sorry that no relief is given to companies doing general insurance work, whose case is quite similar to those doing life insurance work. The general insurance, especially fire and accident are not affected by war conditions. In one year there may be a series of accidents or fires that would clean wipe out all the profits of the former years. It is a perfectly justifiable demand to which the Government could have no reasonable objection, that the general insurance business whose conditions are all parallel to the "life" should be also exempted from the scope of the tax.

The main thing however which has relieved the sting of this measure and given some hope to business and industry is the emphatic assurances given by the Finance Member in the lower House, namely, that the administration of the Act would be carried out in a spirit which would be sympathetic to the growth of industry, and that he would himself supervise the administration of the Act so that no damage might be done to the new industries, which were bound to be sensitive to any adverse influence. In spite of my difference with the Finance Member, I must congratulate him on the statesman and sportsmanlike manner in which he has responded to public criticism and gone as far as he could to minimise the more objectionable features of the Bill.

THE HONOURABLE RAO BAHADUR K. GOVINDACHARI (Madras : Non-Muhammadan) : Sir, though it was not my intention to intervene in this debate, I now feel that as one connected with Commerce and Industry I should take this opportunity of allaying some of the misgivings to which the Bill had given rise.

It was only natural that business undertakings should have taken fright at the proposal to tax profits when owing to the precarious character of the times through which we are living, the prospects of even normal profits, not to speak of excess profits seemed rather doubtful. But the form which the Bill has now assumed seems to me to be unobjectionable and the changes which the Government have accepted, have undoubtedly deprived it of its sting. Industry can no longer complain that it is being choked or that any needless restrictions have been imposed on its natural developments.

There is just another point to which I should like to refer. At this time of crisis when the daily expenditure of Great Britain on the war has reached the colossal figure of £6½ millions, it was not to be expected that India could play an adequate part in the prosecution of this struggle without further measures of taxation.

In these circumstances it is not inconceivable that without a measure of this kind Government would have been compelled to include in their budget proposals measures of taxation the incidence of which on the community might have been easily more harmful. A simple illustration of my point is that Government might have been compelled to add to the already heavy burden of the income-tax if a proposal like the excess profits tax is not accepted by the Legislature. I consider that the Government have shown due consideration to the individual taxpayer by not resorting to such a scheme which would have justly evoked much opposition and in preferring instead the present Bill.

[Sir Kameshwar Singh.]

to note, Sir, what the Honourable the Commerce Member said about the intention of the Government regarding the development of industries during the war and the provision made for the Board of Scientific and Industrial Research. I fervently hope that in this changed and changing conditions the Government will adopt a policy by which Indian industry will attain a distinctive position in the world. Strictly speaking, there may not be any question of self-sufficiency in these matters. But we can legitimately expect that no effort will be spared to enable the Indian industry to make the fullest use of the raw materials available in this country and rapidly expand its sphere. We shall have to see the result of the war on the various industries when the matter comes up before us next and perhaps then it will be possible for us to express our opinion more definitely about the various provisions of the present Bill.

The fact that the administration of this measure will be entrusted to the Officers of the Income-tax Department establishes the inter-dependence between this measure and the Income-tax Act. It will, I hope, be remembered that if on any future occasion the question of any further taxation is under consideration, other items than income-tax, super-tax or surcharge will be selected because the payers of these taxes have already been very considerably taxed by this measure. The assurance given by the Honourable the Finance Member to the other House that the law will be administered in a sympathetic spirit and new and pioneer industries will receive particular attention and his further assurance that if the working of the measure disclosed any serious or unwarrantable hardships he would consider it to be his duty to bring forward suitable amendments, have no doubt gone a great way in allaying my fears. I would urge upon the Government to instruct those officers who will be entrusted with the onerous duties of administering this law that they should carry out the intentions of the Government in this matter and discharge their duties with fairness and forbearance.

Sir, taxation like this may be termed as "windfall". It is, by nature, a temporary measure. Howsoever people may dislike it—and it is human nature to dislike taxation—it has its good points and also its justification. I agree with the principle enunciated by Findlay Shirras that—

"provided the tax is not pitched at too high a level and has normal exemptions and reliefs with efficient administration, the form of taxation of surplus is undoubtedly good".

The main question before the Government is to see that the conditions necessary for making the tax good and justifiable as stated above are ensured to the people who will be called upon to bear the burden of taxation.

Sir, with these words, I support the Motion before the House.

THE HONOURABLE SIR RAHIMTOOLA CHINYOY (Nominated Non-Official): Sir, it is a matter of some satisfaction to see that the Bill as passed by the Legislative Assembly has improved in many respects from the one introduced by the Honourable the Finance Member and the rigour of the several clauses has been toned down. I would not like to criticise the various clauses of the Bill but would like to point out one or two important aspects. I am glad that the case of pioneer industries is sympathetically dealt with under clause 26; so also the case of life assurance business. Unfortunately the Honourable the Finance Member could not see his way to give similar facilities to an important budding industry—I mean the Cinema industry. It is not necessary for me to present its case before this House; the profits of this

industry do depend upon the likes and dislikes of the public for a particular film and as such war conditions have no relation to its reaping fabulous profits. I would request the Honourable the Finance Secretary to consider the special claims of this industry by allowing it to be brought within the scope of clause 26 for special relief, if it is not possible for its total exemption from the operation of the Act.

Another important consideration which I would like to place before the House is with regard to the provision made in the Bill for its annual review. The Honourable the Finance Member has given the country an idea that the net yield from the Excess Profits Tax Act would not exceed Rs. 3 crores. I hope that if the Act yields substantially more than this amount during the first year of its operation then the Government of India will come forward and amend the taxing section of the Act by reducing the rate. I would ask for this assurance as there is a feeling in the country that the Act will yield greater sums and that the estimated income would far exceed this amount. It is therefore necessary that the Government of India should make their position clear in this regard.

The Honourable Mr. Richardson has made it clear and drawn the attention of the Finance Secretary to the difficulties which the commercial community has to put up with when the question of the assessment of incomes comes before the income-tax officers and I hope that the Finance Secretary will see that proper machinery is installed for this purpose.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official): Sir, the industrialists and the capitalists have given expression to their views on this matter. I as an agriculturist have to state the case for the millions of this country. After the very clear and lucid statement made by the Honourable Mr. Sheehy, there would not be much room for comment or criticism in the matter. Some of the very complicated points in this Bill have been explained in such a manner that even a layman could follow him with ease and convenience. Now, it is a matter of great satisfaction to us and it is not an exaggeration to say that this is one of the few Bills or measures of taxation which have received the consideration of the Finance Department in response to public opinion. Public opinion was very apprehensive in the beginning when the Bill was introduced that it was going to affect the nascent industries as well as the existing and struggling industries—to use the language of the Honourable Mr. Shantidas Askuran, whose usual tirades against such measures are quite familiar to us all. But there is a great misapprehension in regard to his criticism in forgetting the wording that has been altered in the preamble—

"Whereas it is expedient to impose a tax on excess profits arising out of certain businesses in the conditions prevailing during the present hostilities".

So it is only those industries or excess profits made in connection with the war that are liable to come under the Act.

THE HONOURABLE MR. SHANTIDAS ASKURAN: Is it clear, Sir, that only war profits are to be taxed?

THE HONOURABLE SIR A. P. PATRO: If you understand the English language, the reasons for this inclusion are very clear. The Finance Member finds that it cannot be complicated and it cannot be more comprehensive, so that he admitted that the tax should be a limited one. The principle of the Bill is that the taxation is of profits which could be shown to be due to the war. It is not contended that the State should have a share in such profits made out

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of the people themselves. And this increasing expenditure on war will have to be met out of the profits made by industrialists and capitalists. No doubt it is the desire of the capitalists and the industrialists that they should not be touched and it is the masses that should be taxed and should pay for increasing expenditure. Agriculture is the only industry that has been bearing all the burdens of taxation. Others would like to escape taxation. But this is a measure which saves the industrialists the normal profits which they would equitably be entitled to. It is only the abnormal and excessive profits that are sought to be taxed under this Bill. It is also a recognised policy that during the war, Governments must raise more money to meet extraordinary expenditure. There is no dispute as regards the general principles on which this Bill is based. It is not correct to say that this Bill is not needed because economies could be effected in other directions. I do not know how far it would be possible to raise such an amount of money by economy. The direction in which such economies could be effected will always be towards cutting the salaries. We have had references made here to excessive salaries given during war time. But how far would that saving enable us to meet the present increasing expenditure of defence? That is the point which is forgotten in expressing a righteous indignation against increased salaries.

The Bill as a whole has got very many salient points. The Bill has undergone substantial changes and even the representatives of the capitalists and the big industrialists have welcomed the Bill, as it has emerged now. I have not heard very many criticisms even from the extremist Press about the present Bill. Therefore, I say that the Bill as it has come before us is such that it is acknowledged to be very much in favour of big business. But, in order to help the small business also, and exempt them from the operation of this Bill, there have been changes. In order to meet the case of the small business, the definition of "standard profits" has been altered so that persons getting an income of below Rs. 36,000 are exempted. This is a very great concession, because between Rs. 20,000 and Rs. 36,000, many small businesses will escape from the operation of this Bill. From the Income-tax returns we find that in 1937 and 1938 the number of assesseees between Rs. 20,000 and Rs. 30,000 were about 10,000, and if we take the Rs. 36,000 limit, the number of assesseees is 3,918, or roughly 4,000. Therefore, the sphere of taxation has been very much narrowed. Also, only industrialists who make abnormal profits would be liable. There need, therefore, be no apprehension on the part of large industries that they are going to be taxed with a vengeance. The other important point is the option given to the assesseees, to take as the standard period the average of the years 1938 and 1939, combined with 1937 and 1938. This option makes the incidence of taxation very equitable. Otherwise it would have been very difficult for the assesseees if only a particular period had been taken. As has been explained very clearly by the Honourable Mr. Sheehy this concession has been given with a view to lighten the burden and enable the assesseees to come to a definite understanding in the matter.

Another feature in the Bill which is very helpful to all who do not believe in the tax-gatherers, that is, those who impose and collect the tax, is this. In doubtful cases, where the assessee feels that either the standard profit or the business has not been properly appraised, he could, through the assessing officer, make a reference to the Board of Referees, and the Board of Referees could give its opinion and it will be composed of business experts and a judicial officer. Therefore, this Board can be trusted to give a very impartial opinion in the matter. They would not be interested in the Government or against the assessee?

Again, at the end of March, 1941, this Bill is again to come up along with the Finance Bill for the purpose of revision or reconsideration after the working of the Bill is known. This is an important concession to public opinion. You will then know the effects of the working of the Bill, and it is open to the Legislature to review the working of the Bill—how it has adversely affected trade and industry or how inequitable has been its administration. That is a very important concession. From year to year the Bill is to come for review and reconsideration.

The Bill would tax only prospective profits and not profits already secured. The amendment relating to excess profits would exempt many small industries and business concerns. But it is desirable that they should be considered specifically in some cases. Exemptions have no doubt been given in the case of insurance and in the three instances mentioned by the Honourable Mr. Sheehy. But there is one instance which he did not mention, and that is the case of the mica industry in Southern India. The mica industry is a very difficult concern. It is not every kind of mica that is useful for war purposes. It is only what we call munition mica that is useful for this purpose. Munition mica is taken out only in small quantities. During the last war, munition mica was available in large quantities, and no doubt profits were made. But, of late, within the last 20 years, the mines have gone down so that it is not possible to have such large quantities of munition mica. White mica or black mica or spotted mica—all these are available, but even these are prohibited from being exported to neutral countries. In England there is a large stock available at present, but unsold, and munition mica is very difficult now to export to any country other than Great Britain. Even for Great Britain it is prohibited.

The success of this Bill depends upon its working. It has been stated by the Honourable Mr. Richardson with great force and cogency that the experience of the working of the Income-tax Act has been such as to raise real fear in the minds of industrial classes that this Bill also will not be worked efficiently and that the assesseees may be put to considerable difficulties. I agree with him. He has made out a very good case and the Honourable Maharaja-dhiraja of Darbhanga stated last time and has repeated it again today, that his experience goes to show that the working of the Income-tax Act has been very severe and that it has been worked with great hardship. I have my own experience and can give you one instance to show how the income-tax officers act in their anxiety to show larger returns and get greater credit for their collections. An estate of a friend of mine has been worked by a syndicate in England. He is only the zemindar who has to receive the collections from the tenants and remit the first portion according to the contract to the syndicate in England. Now the income-tax officer has given notice to him that he should pay income-tax on the amount which he remits from India to England to the syndicate there as interest of principal. It is opposed to commonsense, yet the income-tax people do not see any absurdity or injustice in it.

THE HONOURABLE MR. J. F. SHEEHY: If it is bad law the Honourable Member's friend has a remedy in the courts against the income-tax officer.

THE HONOURABLE SIR A. P. PATRO: If every person who feels aggrieved by the acts of the subordinates of the Income-tax Department is recommended by the esteemed and respected Board of Revenue to go to court, then, Oh, for such law and, Oh, for the administration of the country on such terms! The Board exists with a view to facilitate the working of the Act without detriment

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to the interests of the people. If people are to be driven to the courts what is likely to happen? As the Honourable Maharajadhiraja of Darbhanga stated, he had to spend Rs. 2½ lakhs to recover about Rs. 4 lakhs. That proves that it is only persons who can afford to invest in litigation that can get justice; those who cannot or wont pay for litigation do not receive justice. Is that the ideal of British justice? Have the people to depend not on just administration but on the fees they pay to lawyers and the money they spend in court-fee stamps? I am sure that is not the ideal which the Central Board of Revenue will hold out to the agricultural population. These details could be rectified by the Central Board of Revenue having powers of revision with them and dealing with such cases effectively and justly. I have given only one instance to show that the administration of this Act very much depends on the machinery which is devised to carry it out. The tax-gatherer is always unpopular, but the tax-gatherers must exist for the benefit of the country and the people. Without taxation collected properly and effectively the administration cannot be carried on. We all realise that. But at the same time there is a method in madness. In administering these difficult laws it is necessary that there should be a certain amount of equity and good conscience applied. Therefore I say that whatever may be the concessions which the Honourable Finance Member and his Secretary have made in this Bill, whatever may be the good that is to be done by this Bill—all this may be destroyed if there is no reliable and efficient machinery to carry the law into effect so that little injustice is done. The Bill contains provisions which are very complicated. It will not be easy for every income-tax officer to administer it properly. Therefore I say in this case it is all the more necessary that proper machinery should be devised for employment on this difficult task.

Having said this, I say the Bill is very necessary and desirable, and the principles on which it is based are financially sound. Therefore I have great pleasure in supporting the Motion.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I must congratulate the Honourable Maharajadhiraja of Darbhanga and the Honourable Mr. Shantidas Askuran on their valuable comments. I generally agree with what they have said. We in India are far away from the theatres of war, but even so we are doing all we can to help in the prosecution of the war financially and otherwise in spite of our meagre economic position and financial resources. By this Bill the Government wants to become a partner, I should say a sleeping partner, in businesses in India.

THE HONOURABLE THE PRESIDENT : It has been always.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : That has been always, Sir, but when a man takes a share from a business concern he should put in some capital of his own. Sir, to me it seems that the policy of the Moghul and pre-Moghul times is now being followed by the Government. That policy was that the subjects should be kept in a very poor condition in order to make the Government secure.

THE HONOURABLE MR. HOSSAIN IMAM : That was not the policy of the Moghuls.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, what has been our economic position for the last ten years? Sir A. P. Patro will

send somewhat I say that the plight of the agriculturist during the last ten years has been very unsatisfactory and disappointing. The condition of business has been one of constant economic depression, and just when the agriculturist and the industrialist are recovering from that unprecedented period of depression the Government comes in and wants to share the profits of those in business and the agriculturist. When there was grave depression and the zemindars were paying revenue out of their pockets and in addition lending money to the actual cultivators to keep them going, did Government make any considerable reduction in revenue or come forward in other ways to help either the agriculturist or the industrialist? Nominal concessions were given which the people did not consider worth anything. Really the war is just starting and the Government comes forward with a 50 per cent. profit-sharing Bill. Where is the justification for it? Practically the great war has not yet started, what then will be the state of taxation when it does? Is this the last stroke of taxation or will yet higher taxation follow? I am very grateful to the Honourable Mr. Sheehy for the lucid speech he has delivered in introducing this Bill, but I should like him to tell me why this taxation is being imposed at the very start of the war in which India is already participating to the best of its ability? Even though there is no war within 3,000 miles of India, what will be the future taxation in case India is invaded, will it then be 70 or 75 per cent. taxation on incomes.

Sir, what was the effect on trade and industry when this Bill was published and what is the present condition? The prices of agricultural produce have gone down; the prices of manufactured stuffs have gone down; and over and above that, the profits which either the agriculturist or the industrialist anticipated both are now disappearing. The economic condition and the condition in which the people can make two ends meet is the very best asset for any Government, and high taxation to the extreme, I must say is not to the interest of any Government. Why should only business men be put to such taxation? The income of the business man varies from year to year; he has years where he loses and in the present times the industrialists have been losing for many years past and when the time of their recovery comes Government comes with its axe to undermine industries. Why should not, Sir, those people who have a permanent income share the burdens of war? I say that we all must contribute to the war up to the extent that we can afford. In case you cripple us, our services in the war will not be worth anything. Those people, Sir, who never lose, who have a fixed income, why should they not be taxed for this war? Why should the policy of the Government be different to what it was during the last war? Why should not the same policy be adopted? Why should Government servants and others not contribute to the war and why should industry which is already in a crippled and dying condition be over-taxed? Sir, it is said that the Indian Government is following the example of the British Government. I will say, Sir, compare India with Great Britain. Sir, in the United Kingdom profits indices show a rapid recovery. Taking 100 as the profit index in 1935, indices work out to 114 in 1936, 129 in 1937 and 120 in 1938, respectively. Since then the indices have been just a few points over 120. In Britain, for all practical purposes, industries pay the new duty only on profits above 120. In India the tale is different. What is it? In the index of profits, as prepared by Dr. Gregory in the *Review of the Trade of India, 1938-39*, 1928 is taken as the base and is put at 100 and the index computed at 69.2 in 1935, 63.1 in 1936, 60.7 in 1937 and 70.6 in 1938. It should not be considered that from 1938 onwards there has been any progress. Dr. Gregory has stated in the same *Review* on page 23 that "since then, however, business conditions have deteriorated".

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In the light of these and in view of the fact there is not allowance made for "excess losses" it appears to be unfair to fix standard profits on the scale of the profits obtaining during the years of depression.

Sir, in India, generally speaking, the jute industry, the woollen industry and the leather industry are the only industries which have benefited by the war, and it is a pity that Government has not considered the plight of other industries. For instance, the cotton mill industry. That industry, after the publication of this Bill, has been a prey to low prices and in no wholesale demand for manufactured goods.

THE HONOURABLE MR. SHANTIDAS ASKURAN : No removal of the goods which have been sold.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Yes, and in view of all these, I must say that Government servants and others should also share the burdens of the war as they did during the last war. When I was speaking on this matter recently, the Honourable the Finance Member said that retired army officers who were taken into service were giving their lives. I could not understand that, because it is always understood that those people who offer their service for the army always offer their lives. But, Sir, the Lee concessions should now go ; there should be a cut in salaries and allowances and other people who do not now share the burden of war must be made to share the burden. I am of the view, Sir, that we must all contribute to the war to the best of our capacity and help the Government. Sir, the Excess Profits Bill when it was published has been the cause of great sluggishness and dullness in the markets. You have not so far taxed the agriculturist, but indirectly you have. What will be his plight when the industrialist is not able to pay them good prices ? What has been the practical result ? See how far cotton and wheat have gone down, how the prices in other stuffs have declined. In the war, people should be content and Government should not cause discontent. I know that we are all loyal and we want the British connection ; as we value it but at the same time we do not want to cripple ourselves by which we may not be able to support our families and thus add to the unrest in the country. This Bill ought to have come at a later stage when India would be in the throes of war. The British Government have the greatest asset in India. My own impression is that at the time of difficulty, and need, Britain would come forward to help India from foreign aggression. But what do we, see, Sir ? Government say that they are not taxing the agriculturist. My information is that over Rs. 325 crores of gold has gone out of India and it is because the agriculturist had no means to support himself ; the resources of India have now decreased by Rs. 325 crores so far as the agricultural community is generally concerned. My friend Sir. A. P. Patro made no reference to that. The zemindar, instead of getting good prices, is getting low prices. During the last war prices jumped up. I know prices of raw cotton were much more than the prices of pressed cotton and the price of wheat rose up to Rs. 8 a maund. What is the condition now ? After the introduction of this Bill, prices have gone down very much—as the Honourable the Maharajahdiraja of Darbhanga rightly observed—people are not prepared to give money for the extravagant administration. I call it extravagant, Sir, because the salaries of Government officers in India as compared with the rest of the world are the highest. In the last war taxation was evenly distributed, and I hope the Honourable Mr. Shreehy will tell us why

this time only commerce and industry is being victimised for the prosecution of the war and the Services and others who enjoy the Lee concessions are left out. We expect naturally that they must share the taxation as they did last time. Why did you do it last time and why are you making now an exception ? When the war started last time, nothing similar was done in that connection by imposing such taxation in the very beginning. Government ought to have resorted last to this method as they did during the last war. They have at present only a couple of crores of deficit and that only owing to the war, and that should have been met by war loans. And later on, in case, God forbid, the war became serious, and develops into an international war, India may become imperilled. Government ought not to have come up with this heavy taxation at this stage.

Then I come, Sir, to the question of the percentage of the tax. A 50 per cent. percentage is too heavy. Strong representations have rightly been made by various commercial and industrial bodies as well as from mercantile communities in towns all over India that Government should not take this measure at the present juncture and that it would have a disastrous effect on trade, commerce and industry. I know that the Amritsar market, which is one of the biggest markets in the Punjab, people tell me, why should they risk in business for the sake of contributing 50 per cent. to the Government ? I can tell you that forward contracts have practically disappeared. Nobody comes forward to buy goods because he does not know whether the taxation at the time of delivery of the goods will be this or double what it is at the present time. I therefore, Sir, request Government that the share of the Government in the profits of others should not be 50 per cent. I know that the Bill was passed in the Central Legislative Assembly, but the popular vote was not there. I do not consider that this is a well-considered measure representing the views of the people, and in the absence of the Congress Members and others who for reasons best known to themselves have absented themselves, the Bill was passed there by the votes of the Government officials.

THE HONOURABLE MR. HOSSAIN IMAM : Are the Congress reprehensible for this action ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I am relating a fact which cannot be denied. That the opposition Members were not there.

THE HONOURABLE MR. HOSSAIN IMAM : Is the Government to blame for it ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I might tell my Honourable friend Mr. Hossain Imam that I am relating a fact that because of the absence of the Opposition, the Bill has been passed in the other House. I am not here to blame A, B, or C.

THE HONOURABLE THE PRESIDENT : Are you quite sure that the Congress Members would not have supported the Bill ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : With due deference to you, Sir, I can say that it would have been the duty of the Congress Members who represent their constituencies to voice the feelings of their electorate. (An Honourable Member : "Have they discharged their duty,?") Well, I am not prepared to pass judgment on this. I have related to you the facts as they stand and it is for the House to come to a judgment.

Anyhow, I must say that the war seems now to start seriously. I wish the war to end because it brings all sorts of calamities on us. But from what I see in the press, I find that the war is to start seriously from April. There-

[Rai Bahadur Lala Ram Saran Das.]

fore, Sir, I would strongly urge upon the Government to reconsider their decision and reduce the proposed percentage tax, I should say the share which they want to have from business people only and not from others. I have already said, Sir, that the very publicity of the Bill has led to a crash in the prices of commodities and in the prices of various industrial shares. Sir, do not oppose the principle behind the Bill but I cannot agree to the provision that Government should charge 50 per cent. tax on the excess profits even without allowing the losses in years past which the various industries have suffered. In case Government had taken those losses into consideration and in case like the British industries, the Indian industries had been making money hand over fist for the last several years I would not have the slightest objection. We value the British connection but at the same time we do not want the Government to treat us differentially as compared to England. Industries in Great Britain have been busy for several years past manufacturing munitions and war requisites. That does not apply to us. They have made enough money there and they can now afford such a tax. In India only recently a few industries which I have named have been making war profits but, unlike the industries in England, they have not been making profits for several years past, out of which they can in turn bear this heavy burden. The percentage of excess profit tax should be reduced to 25 per cent. at least. I beg the Government to reconsider the percentage.

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council reassembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) : Mr. President, after so many speakers have already spoken, I have naturally only a few general observations to make. This Bill is essentially the result of the situation that has arisen out of the present war. It is an attempt to raise more money in order to meet the financial strain caused by our engagement in the war. Let me, therefore, make it quite clear that the psychology that determines my attitude towards this war is what is going to determine my attitude towards the necessity of this Bill. England is engaged in a war against countries that today stand for Nazism, totalitarianism and communism. Well, England undoubtedly has our sympathies and our active support in this struggle—

THE HONOURABLE THE PRESIDENT : We are now discussing the Excess Profits Tax Bill. We are not discussing the war.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : If you will refer to the Statement of Objects and Reasons appended to the Bill, you will find, Sir, the justification of what I am saying. There is no denying the fact that this Bill is a war measure and I wish it were a fight to the finish and that we saw after a struggle howsoever protracted, howsoever deadly, and howsoever costly, the end of the dark forces that threaten and undermine human civilization and social justice. England has declared in unmistakable terms that she stands for the inherent right of each nation, howsoever small, for self-determination. She acknowledges and claims to stand and fight for the protection of democracies, i.e., the ultimate sovereignty of the voice of the people. All that is very nice indeed, but, it is in the application of these principles to India that our differences arise, distrust is born, and psychological

barriers spring up, Government have come up to us with this Bill to raise more money in order to cope with the greatly increased expenditure on defence and other services that will fall to the lot of the Indian taxpayer on account of this war. I ask, therefore, why did not this Government which has so much respect and concern for the democracies in Europe use the elementary principle of democracy in its own case and come up to us for an approval of their war policy or even for the purpose of eliciting our opinion with regard to their policy in connection with the war?

THE HONOURABLE THE PRESIDENT : You are going outside the question now before the House.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : You will soon see, Sir, the justification of what I am saying.

THE HONOURABLE THE PRESIDENT : I have heard you for nearly five minutes and there is no justification yet that I have seen.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : This is a measure of taxation and I am trying to explain the kind of democratic constitution that we enjoy in this country and how the Legislature is asked, and even forced, to pay the piper and the irresponsible executive calls the tune. In deference, however, to your wishes, Sir, I shall not dilate at any greater length on the point.

It is not my intention on an occasion like this, to do Government down or to refuse to sanction the necessary supplies, but that is surely not because I like their ways but because we all want to win this war and win it at all costs. My quarrel, Sir, is with the attitude that the Government of India bears towards the people it governs and the scant courtesy or concern with which it treats Indian public opinion. I want Government to realise that it is not by ignoring the national pride of a country, which is becoming more and more self-conscious, that they can strengthen the ties that bind the different units of a great Empire together.

This Bill, with the essential principles of which I am not very much in discord, is going to become an Act whatever attitude we may bear towards it. But I would like to ask Government a few questions in order to expose their attitude towards Indian aspirations. Do Government not know that the people and their representatives want them to nationalise the army and Indianize the command and thus to make the army less expensive and more Indian?

THE HONOURABLE THE PRESIDENT : I would advise you to defer all these questions till you discuss the Finance Bill. I cannot allow you to proceed with these questions now.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : I am sorry, Sir, but can I avoid putting forward suggestions to Government which, if adopted, will eliminate the necessity for a Bill of this character? I would therefore, ask, Sir, "Do Government not know that we want them to cut down high salaries and to make the Services less costly?" I know these are inconvenient questions and Government must avoid these much-desired methods of economy and choose some taxation or another. This time their choice, though not an ideal one, is less controversial than what it may have been. On its essential merits the Excess Profits Tax Bill has drawn less opposition than any other measure of taxation may have brought. The Government

[Rai Bahadur Sri Narain Mahtha.]

too, I confess, have also gone about their business accommodately in the way in which they have proceeded with the Bill at its various stages. The Bill as it comes to us is undoubtedly a great improvement on the one that was originally introduced in the Assembly. The alterations made have already been enumerated by the Honourable Mr. Sheehy and I would not like to re-capitulate them. The alterations made in the Bill in the other place are both important and commendable. I welcome them.

There is a section of thought, Sir, not so much represented in this House by the Honourable Maharajadhiraja of Darbhanga as by the Honourable Mr. Shantidas Askuran, which believes that this measure will retard the progress of industries, will suppress the rise of new industries and generally would be harmful to the interests of the country. This section, Sir, does very pertinently of course, ask one question and that is, that if Government desire to have a share in the actual and real war profits of businessmen, why must they not share in the losses that will accrue and follow in the wake of the depression that must inevitably succeed the war. They plead and not absolutely without justification that the Indian economic structure is one that still needs plenty of nourishment—

THE HONOURABLE MR. HOSSAIN IMAM : Not even 12 per cent. is enough.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : They think that they must have all that they can get and that it is not yet time to ask them to sacrifice any portion of their profits. The Honourable Mr. Hossain Imam must know that I am only stating their views, which I personally do not share. But, Sir, in spite of the apparent plausibility of their arguments their starting point is erroneous. All sections of the people are suffering on account of the war except the trades. Naturally, therefore, the class that is making profits on account of the war must be the first to be chosen to be made to part with a portion of its profits in order to pay for the war. The present Bill, in its present form, comes more or less as an agreed measure between the Government on the one hand and the representatives of industrial and trading interests on the other, as represented in the Central Assembly. I do not, therefore, think that there is much use going into the details of the Bill. But, there is one fact which I would like to emphasise and that very strongly and it is this that the quality of the measure will depend on how it is actually worked. This has been referred to by some speakers before me. The traditions of the Income-tax Department are not very encouraging. The income-tax officer starts his work with the strong presumption that the more he can tax, justly or arbitrarily, the better will his services be recognised. There are of course open to the assessee avenues of appeal, but he has to deposit his tax all the same before he starts on the course of long and expensive litigation. I think the number of successful appeals against assessments made by income-tax officers should be taken into account in determining their efficiency, and those officers should be taken to task whose assessments are found to be arbitrary beyond justification. By strengthening the confidence of the assessee in the income-tax officers, by instilling into the mind of the officers themselves that their merit will be judged by the right assessments they make and not by the amount they tax, Government will be doing something that is very necessary and the want of which is very much felt.

Before I sit down I should like to refer to rule 5 at page 15 of the Bill. It is a long section which I will not read, but would like Honourable Members to refer to. The effect of this rule is to make borrowed capital to be treated

on the same footing as capital pure and simple. That, Sir, is very unjustifiable. And the Bill aims at allowing no concessions to people who borrow. It makes also a distinction between banks and private moneylenders.

THE HONOURABLE MR. J. F. SHEEHY : I am sorry, the Honourable Member is wrong. The Bill does give a concession to people who borrow money from banks and on debentures. That is exactly what that section does. May I explain. We give you the statutory percentage on it. If you borrow money at 4 per cent. from a bank or on a debenture, we give you, when computing your standard profits as a percentage on capital 8 per cent. or 10 per cent. on it.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : But you do not allow the same concessions if the money is borrowed from a private money-lender ?

THE HONOURABLE MR. J. F. SHEEHY : No, we do not. That was thoroughly threshed out and Government refused to extend the concession.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA : That is what I say. That is a very unjustifiable distinction. I think you are going to hit undeservedly the business of the private money-lender. You may say that it will be difficult to check the *bona fides* of their accounts ; but are you not checking the *bona fides* of their accounts under the Income-tax Act ? The present rule will have the effect of stopping a very valuable source of help and will debar the industrialist of relief where it is due to him. I hope my contention on this point will be supported by other Members.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Before I begin my remarks on this Bill permit me to congratulate the Honourable Mr. Sheehy on the lucid speech which he made. I am not exaggerating when I say that it helped us more to understand the Bill than all we had read in the papers. Personally believing as I do, in a more equitable distribution of wealth, and the right of the State in the profits made by industrialists, I cannot object to this kind of measure which wishes to establish a great check on the rapaciousness of the capitalist. But, in addition to that, there is the further justification that the profits are made during this abnormal period of war. Even if they do not arise directly out of the war they are the result of war conditions when the general rise in prices naturally swells the profits of industrialists. If the Government had come forward with a measure under which they took away the entire excess of the profits, the attack of the industrialists may perhaps have been somewhat justifiable. But they lose sight of the fact that 50 per cent. is left to them over and above the standard profits which they have been drawing or which they are permitted under this Act to collect. I think the nation has a perfect right to take even more than this if a more equitable basis of taxation is found. My only complaint against this Bill is that whereas it errs in showing generosity towards certain businesses which are in a flourishing condition or which have been newly started, it has not done justice to those depressed industries which have been running at a loss for some length of time. The Honourable Member has provided under section 26 a measure of mercy or gratuitous relief through the Central Board of Revenue for those industries which have been hard-hit, but he has not specifically provided for any yardstick by which we can measure what is and what is not hardship.

[Mr. Hossain Imam.]

Sir, a point has been raised here as well as outside that war profiteering in the Secretariat has not been touched. I am not going to say whether that is justifiable or not, because it is more or less an academic question. Once you have raised the limit of taxation exemption to Rs. 36,000, I doubt if there are even half a dozen people who would be affected even if it were made applicable to those civil servants drawing increased pay due to war work and would not give even a lakh. It is an academic question—

THE HONOURABLE THE PRESIDENT : Then why do you raise it ?

THE HONOURABLE MR. HOSSAIN IMAM : It was raised in this House and outside and I am saying that it is not a practical question, it is only academic.

THE HONOURABLE THE PRESIDENT : That does not mean that you should raise this question.

THE HONOURABLE MR. HOSSAIN IMAM : It was specifically raised by the Leader of the Opposition, Sir.

I am saying, Sir, that the basis is too generous. I should like to illustrate how it is too generous. In the first place the increase of the limit from Rs. 20,000 to Rs. 30,000 was made in the Select Committee, and after that in the open House this limit was further raised by Rs. 6,000 to Rs. 36,000. I have not been able to glean any information as to what would be the result of this difference of Rs. 6,000 in the lower limit. The Honourable Mr. Sheehy did not enlighten us how many assessees would be reduced and what was the specific point about this Rs. 36,000. If the Honourable the Finance Member was able to get not only a majority but a good majority in the Select Committee to agree to Rs. 30,000, there was no necessity for raising this limit to Rs. 36,000, especially in view of the fact that concurrently with this suggestion that the limit should be increased there was a suggestion in the Select Committee also that the quantum of the taxation should be graduated. That part has not been taken. We have raised the limit but not the quantum of the taxation. The point which the Honourable Rai Bahadur Mahtha took up just now about bank money has not only been met too generously but you have opened the flood gates for evasions and malpractices. The least that you should have done was that you should have restricted this to the scheduled banks. *Bona fide* banking business is not enough, because we all know the high rate of interest charged by private capitalists and bankers. It is only very rarely that you can get terms which would be comparable to those offered by well established banks. If it had been confined to scheduled banks it would have been possible to check whether the advances are fictitious or real. It would not be possible if you do not have any restrictions. It is open to the Government either to mend the law or to so explain it in the rules and regulations that they might make that *bona fide* means scheduled banks only.

I should like especially to draw the attention of the Government to the condition of the coal industry which has been one of the depressed industries. I do hope that Government would not only give to those who "have" but will have a little bit left for the "have nots" as well. According to the present Bill another injustice has been perpetrated by not allowing the carry forward of losses in computing excess profits. The question of the carry forward of losses arises only in case of those companies which had run at a loss. Under

the Income-tax Act of 1939—in such a recent Act—we allowed a carry forward of losses. We only allowed them to carry forward losses of one year for the period to which this excess profits tax will apply.

THE HONOURABLE THE PRESIDENT : That is only for the first year. Subsequently it is to be allowed for six years.

THE HONOURABLE MR. J. F. SHEEHY : I think what the Honourable Member says is correct. We are allowing them to carry forward one year at a time until they arrive at a full carry forward of six years.

THE HONOURABLE MR. HOSSAIN IMAM : Now, the profit will be computed for excess profits and a good bit will be taken away, whereas in reality the company will have no profits, for it pays back for the overdraft to the bank by which it has been able to carry on for the past years. Is that just ? The Honourable Member illustrated his example. I should also like to illustrate my point. A company incurred a loss of a lakh of rupees last year ; this year it makes a profit of Rs. 50,000. Now, as it was running at a loss last year and this year it has made Rs. 50,000 it would be liable to taxation on Rs. 50,000 and not on Rs. 1½ lakhs. That is a small mercy, but even the Rs. 50,000 is not in reality a profit. In the company's account you will find that it will go to reduce the debit balance standing in the profit and loss account ; but for the matter of this excess profits taxation it will be liable to pay excess profits tax. But for income-tax purposes it might not, because under the Income-tax Act it can carry forward its loss of the year 1939 to this year. That, Sir, is very anomalous that two Acts of the Government dealing with the same thing as a taxation should be so divergent and should take two different bases for assessment.

I come to another point on which the Honourable Mr. Sheehy did not enlighten us. It is about the double relief on the excess profits duty given to British firms. The provision of the Act is that it will be reciprocal. In the Income-tax Act the provision was half of the Indian taxation or the British taxation whichever is lesser and this is the provision which we are keeping for countries other than Great Britain. I take it probably that the same basis will be taken for the relief—

THE HONOURABLE MR. J. F. SHEEHY : May I intervene here, Sir ? The scheme adopted in the United Kingdom before, which they may adopt this time—I cannot guarantee that—is that the higher only of the two duties (that is, in either country) was chargeable. The rate in the United Kingdom is 60 per cent. and the rate here is 50 per cent. If the same profits are taxed in both countries, 60 per cent. only would be charged and this amount would be apportioned between the two countries in proportion to the amount of the duty which would otherwise have been payable in each country respectively.

THE HONOURABLE MR. HOSSAIN IMAM : This means that it is to be even harder that Great Britain, the senior, wealthier partner, is to get a higher share 32·7 per cent. and India is to get a lesser share 27·3 per cent. As a matter of fact there is no reciprocal action in this, because there are very few Indian business men in Great Britain and relief is really given to the British traders and not to Indian traders. The whole of India has been agitating against double income-tax relief measure.

THE HONOURABLE MR. J. F. SHEEHY : Does the Honourable Member suggest that we should take 110 per cent. of the excess profits ?

THE HONOURABLE MR. HOSSAIN IMAM : What I was suggesting was that if His Majesty's Government had so desired they might have exempted the Indian profits from the purview of their excess profits duty or N. D. C., if not of all at least of those companies which carry on their entire business or a major part of their business in India. Consider for a moment the fact that we are allowing nearly Rs. 1½ crores relief in the matter of income-tax, whereas our nationals do not get relief of even Rs. 10 lakhs from the United Kingdom. You must see what is the *quid pro quo* that we are getting for this concession. Your nationals are getting more relief than our nationals. As far as income-tax was concerned, you might have insisted that it was a permanent arrangement and you did not want to disturb it. But when you bring in a special war measure, is it justifiable that an iniquitous basis should be taken as the fundamentally correct basis for future distribution of taxes, especially in view of the fact that here you are taking even a greater share than in the case of income-tax? It is not the intention of anyone that poor assesses should suffer; they deserve the sympathy not only of the Government of India but also of the British Government. Had this business been carried on in a country which was not under the aegis of the British, would His Majesty's Government have given them relief or not? I do not say that they should regard India as a country outside, but we are under special circumstances and special difficulties and this is a very small matter for England. Their business is carried on in all countries, all over the world, whereas India is concerned only with one country, and to India this forms a big share. It is only if you measure the difference between the percentage incidence on Indian tax income and the incidence on the British tax income you will feel that we are justified. I am rather surprised that this point had not been agitated enough in the other House. The Honourable Member stated here, and we are told that a similar statement was made in the other House, that the number of assesses would be reduced to about 2,500. It is some commentary, Sir, on the evasion which is practised that there should be so few assesses. And there has been no estimate given by the Honourable Member of the amount which will go in the double excess profits tax relief.

Then, Sir, to those of our Members and also the Government who say that they expect to get Rs. 3 crores even after all these generousities, I would say that it is surprising that the estimate of Rs. 3 crores has been so elastically made, that it remained the same without all these concessions, when there were 5,000 assesses and when there are only 2,500,—when this tax was to be realised from the 1st of April and when it is realised from the 1st September. What an enormous elasticity! What a wonderful elasticity!

THE HONOURABLE MR. J. F. SHEEHY : May I explain, Sir, that, while we were going to compare the profits of the period from the 1st of April to the 31st December with the profits of a similar standard period, now we are going to compare the profits of the first four months of the war with the profits of four months of the standard period.

THE HONOURABLE MR. HOSSAIN IMAM : A nine months period, Sir, and a four months period—there is a difference of 30 to 70, and the number of assesses is 25 against 50. So the tax now is about a quarter of what it was originally estimated and yet it remains Rs. 3 crores nevertheless! It is surprising, Sir, how elastic these estimates can be or how much underestimating there is sometimes in the Finance Department. The fact which has been elucidated in reply to Mr. Shantidas Askuran's question was that those who have *Dewali* year would be allowed to retain it and they would be subjected for a period

only up to *Dewali* which means that most of the people will be subjected to taxation for two months and eight days, from the 1st September to the 8th November, because the *Dewali* was on the 8th November, 1939. Now, many of the companies end the year on the 30th September; they would be subjected to only one-twelfth part of the excess profits, or only one month's profit. Taking all these things in view, Sir, it seems that the estimate is more likely to be optimistic than to be an underestimate now. If the Government is so lucky as to get Rs. 3 crores in this short period, I think it can very well look forward to Rs. 12 crores or at least Rs. 10 crores in a full year's working, if the present conditions continue.

Sir, there was a reference by the Honourable the Leader of the Opposition to the fact that the Government had become as bad as the Moghuls and their predecessors. I doubt, Sir, if they had direct taxation for India before the advent of the British and this tax was imposed first in the late sixties. (An Honourable Member : "There were no taxes. They only took away what they wanted.") That was more manly.

Sir, I should like to say a few words about that propaganda which has been carried on incessantly in this country that this excess profits tax would mean the end of new industrial establishments. I have no patience, Sir, with such pampered and manifestly wrong statements. If anything, Government has been rather too generous. To allow a profit of 10 per cent. for business started after the 1st of July, 1938, is not enough. They have also promised to take into account the fact that if there are industries which are dependent on war for prosperity, they will give a further consideration to that. If all these things are not enough, do they wish to have a cent. per cent. profit every year? We public men have fought for the Indian industrialists but by their predatory methods they are forcing us to support the foreigners rather than our own industrialists. Because I can fight the foreigner cleanly but not our own sheltered capitalists who take up the cry of working for the national interests and try to enrich themselves at the cost of the poor consumer; they are a greater danger. I think the Government has done everything in its power to establish new industries on a sound footing, a promise of 10 per cent., free from all excess profits is enough to attract capital if you know the condition of the market and know how much they are drawing from old established industries. With the exception of a few industries like the steel industries of Tata—and I might include a few of the Ahmedabad industries—the majority of the companies are not making 10 per cent. or even anywhere near that.

Sir, there was a reference by Mr. Richardson to a subject to which the Government should give full consideration—consideration not only on its merits which is great but on the fact that it comes from a responsible person like Mr. Richardson. I had occasion also, Sir, to complain of the vagaries of the staff of the Income-tax Department when I was dealing with the Budget on the 6th March and the remarks which have fallen from the lips of Mr. Richardson and other speakers has strengthened my case and it should be listened to by the Government and something should be done to prevent these vagaries of the staff from causing us trouble. We are all, Sir, supporters of the Government in its righteous methods but no one will share with the Government the responsibility for vexatious and petty quibblings and troubles. The Honourable Member and some other speakers referred to the fact that there are courts of law. There is no doubt that there are courts of law. But if he will examine the results of the appeals, he will find that in the majority of the cases which go up to appeal, it is not the Income-tax Department which comes out with flying colours, but the assesses who have objected. Secondly, Sir,

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there was a plea that there should be some basis and concrete suggestions for the fair play that has been promised by the Government. We would like, Sir, the Government to state more fully what assurances they are willing to give us on this head. When we find, Sir, a man like the Honourable Maharaja of Darbhanga supporting this measure and regarding it as equitable, I at least can say that I have no hesitation in supporting the measure. But the point which the Honourable Mr. Mahtha has raised was a very material point. While we are here to give you the supplies that you require, it is the duty of the Government to give more and more share to Indian public opinion in shaping the policy on which this money is to be spent. It is a question, Sir, why we should pay the piper when they call the tune? It is an unjustifiable division of the work of the partnership. If it is to be a partnership, it should be a partnership based on justice and equity. We are powerless to refuse supplies. We realise it. Had we the power, I know the action of the Treasury Benches would have been different. We have seen in the provinces how the British services have reacted magnificently to the changed circumstances. It has taken to its masters well and has loyally followed their policy even at the cost of doing injustice, sometimes, to those of us who were in the bad books of their masters. I know the way in which the Civil Service works in the provinces but the policy of the Government of India is always to kick us when we ask for a share in the responsibility of carrying on the business. Is it not helping the Congress directly in their crusade because you are not amenable? When one cannot mend a thing, one has to end it and this is what the British Government in India are doing. Mr. President, we have no option but to support the measure because it comes from an authority which can disregard our disapproval.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, my lot (today is that of many a speaker in Legislatures everywhere. Having risen to speak at the fag end of the day, I find myself deprived of many points which I should have liked to lay stress on had I spoken earlier—

THE HONOURABLE THE PRESIDENT : You did not rise till the afternoon.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is so, Sir. But, even then, I did not get the chance that I hoped for.

THE HONOURABLE THE PRESIDENT : Only one person intercepted you.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Two, Sir. The provisions of this Bill are of a very important character, but the general questions which the Bill raises are of even greater importance than the principle underlying it. There are two such questions which I should like to refer to in passing before dealing with the arguments that have been urged today in connection with the Bill. The most important general question that arises in connection with this Bill is that of the policy of the British Government towards India in the situation created by the war. The other question is that of the future industrial development of the country. Both these questions are of great importance. The policy pursued by England in this country and the position assigned to India in the present situation is a matter that goes to the roots of

the relations that subsist between England and India. But, Sir, out of deference to your opinion, I do not propose to enlarge on that topic today. I reserve it for discussion, as suggested by you, in connection with the Finance Bill. The question of industrial development too is a very large one. It is not possible for me to remain wholly silent on that point in connection with this Bill, but even there I propose to give expression to my views largely when the Finance Bill is before the House.

Coming, Sir, to the Bill before us, I must congratulate the Honourable Mr. Sheehy on the uncommon lucidity of his speech. (Hear, hear.) I followed the discussions that took place in the other House with a great deal of care. Yet, there were several points which were not clear to me and there were points on which I now find I had misunderstood the Bill without being aware of it. The exposition of the Honourable Mr. Sheehy give us for the first time a full idea of the scheme embodied in the Bill. *Prima facie*, Sir, the principle on which the Bill is based seems to be a sound one. If we confined our attention only to the fact that our expenditure has been increased on account of the war and that a gap of nearly Rs. 6 crores has to be bridged, it appears equitable that Government should in the first place call upon those people to bear the burden who are profiting by the special situation created by the war. If this principle were not followed and the expenditure required by the war had still to be met, we would naturally have to ask ourselves how the additional money needed to balance income and expenditure is to be found. It can be found only by imposing taxation which will fall on all classes alike. In other words, there must be a general increase in the income-tax. I have a great deal of sympathy with the industrialists who are keen on advancing the industrialisation of the country. There is no non-official Member in the Central Legislature who does not, when the appropriate time comes, press on Government the urgent need for accelerating the industrial development of the country. But we have, in the present situation, to weigh the advantages and disadvantages of a general increase in taxation and of imposing a heavier burden on those who are deriving a special advantage from conditions due entirely to the war. If the situation were placed in that way before the country I have no doubt what the country's verdict would be in spite of its ardent desire for rapid industrialisation. I am quite certain that the general opinion would be that the imposition of special taxation of the kind resorted to by Government was far preferable to an increase in the income-tax or in any other tax which would fall on all the classes in the country. This I think will be admitted even by those who do not want that the industrialists should have to pay any special tax. I may however be told that there is another way in which the money required by Government can be found. It is not necessary to increase general taxation because it is open to Government to borrow the money that it needs in order to meet its additional expenditure, and the analogy of England has been given in this connection. I doubt whether the analogy of England is at all applicable. In the first place, the expenditure that is being incurred by England is so heavy that it is impossible for the British Government to meet it even after raising taxation to heights undreamt of before the war. The situation is such that the additional money required cannot be provided unless the British Government have recourse to borrowing. The situation in this country is entirely different. Would it be right for us, situated as we are, to borrow money for meeting unproductive expenditure? We have experience of that kind of thing. After the Great War we were faced with heavy deficits and we met them for three or four years in succession by raising loans. The result of it was that the amount of the unproductive loan was enhanced by approximately Rs. 100 crores. Now this happened owing to the deficits that had to be

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faced after the war. If we begin to borrow now when the war has just commenced, one can easily understand the highly unsatisfactory, the dangerous financial situation, into which the country would drift by following the policy that some Honourable Members who dislike the special taxation proposed by Government have recommended.

Even apart from this, the analogy of England is not very helpful. It was a matter of common criticism in England after the war and a little before the war ended that the British Government, instead of raising as much money as they could have done by additional taxation, depended primarily on loans to finance their requirements. This produced according to the critics of Government, and amongst them were well known economists, two harmful results. One was that prices were inordinately pushed up. The policy of the Government naturally resulted in inflation with its attendant consequences in respect of prices. The second undesirable consequence of the policy followed by the British Government was that the interest charges became unnecessarily heavy. As the burden of the war was thrown on future generations the Government had to face a situation after the war which led to the most serious consequences. Now, we want a rise in prices in this country but we want a rise which may be reasonably expected to continue for a fair length of time even after the war. If we allow prices to rise unduly we may be faced after the war not with a depression but with a collapse. We all want prices to rise. We do not want that all the additional money should be taken out of the hands of the people. We want that some money should be left there both for industrial development and also to bring about a rise in prices. But the rise in prices will be beneficial to us in proportion to the length of time during which it lasts. If we follow a short-sighted policy and are content with a large and spectacular rise only for four or five years, it will, instead of benefiting us, considerably damage not merely our financial but our economic position. I hope I have made it clear that in India's own interests it is necessary that we should, as far as possible, that is, without hurting the best economic interests of the country, try to meet our existing obligations by increasing our revenue from taxation. It is never pleasant for anybody to pay taxes. Besides, to a large extent the interests of the Indian industrialists and of the country as a whole are, in respect of the quicker industrialisation of the country, identical. Nevertheless, I think I cannot support for a moment the policy of raising money by loans which would lead to a serious deterioration both in our financial and our economic situation.

There is a third argument that has been used today to oppose the scheme of taxation proposed in the Bill. It is that the excess profits tax will interfere with the accumulation of capital and that this will check industrial development. I have already dealt in part with this question; but there is something more to be said in this connection. Our experience of the post-war period, that is, of the period after 1918, is not very hopeful in this respect. Any one who has read the Report of the Indian Tariff Board on the Textile Industry which was published in 1927 knows that large profits earned during the war were not used for industrial development to the extent to which they should have been. No small proportion of the profits was dissipated in the distribution of dividends. Care was not taken even to build up sufficiently those reserves on the necessity of which my Honourable friend Mr. Shantidas Askuran laid so much stress, and rightly too. If this experience shows anything, it shows, taking human nature as it is, that while a certain proportion of the profits will undoubtedly be used in order to strengthen the reserves and to expand existing businesses or to start new industries, no small proportion of

them may be employed in other directions. Now, this by itself is not illegitimate, but when we have, whether we like it or not, to find additional money, what objection can there be if the State lays its hands on this money which goes into private hands? And if the arguments that I have urged are correct, it is a course which apart from the general questions raised by me would also be in the ultimate interests of the country.

Sir, the only question that I can regard as relevant in this connection is whether the Bill encroaches unduly on war profits. Is the standard period rightly chosen and is the percentage of profits to be taken by the State reasonable? These are the only two questions that we have to consider in dealing with the measure before us. Now, so far as the standard period is concerned, the additional choice given in respect of it since the introduction of the Bill has to a large extent removed the objections raised by the representatives of the industrialists and others to the Bill. It is true that all that the industrialists and others have not asked for has not been given to them. Some of their demands that have not been met seem to me to be just, but some of them certainly did not deserve to be accepted by Government if the Bill was to fulfill the purpose for which it was designed. As regards the percentage of the tax, we have to bear in mind the various concessions made by Government in the Select Committee and during the subsequent consideration of the Bill. The full extent of it will be apparent from the fact that when it was asserted in the Assembly that the further choice allowed with regard to the selection of the standard period would result in reducing the yield from the excess profits tax by two crores, the Finance Member said that he would not regard as absurd a statement that this concession would result in a loss of several crores. The other concessions that were made were also of a valuable character. I do not want to enumerate them, because that task has been admirably done for us by Mr. Sheehy. Now, if all these things are taken into consideration, the rate of the tax can be called unduly high only if the yield of it is so high as to leave unnecessarily a large amount of free money in the hands of the Government.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA: Do they ever have that?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I shall explain to the House what I mean by it. The House knows that Government requires according to its estimates about Rs. 6 crores of additional money.

THE HONOURABLE THE PRESIDENT: That is so, provided no unforeseen expenditure is incurred.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: You are perfectly right, Sir. But for the present, Sir, we are asked to provide Rs. 6 crores. The point of view of some Honourable Members here seems to be that the excess profits tax should provide as small a proportion of the money required by the Government as possible. My point of view, however, is that the excess profits tax should be the main source of income on which Government ought to rely to meet the difference between their expenditure and income. I do not know what exactly the yield of the tax will be. On the one hand, we have been told that the prices of both agricultural and industrial commodities are going down. On the other hand, we are assured that the tax will yield much more than Rs. 3 crores. I do not know where the truth lies, but relying on general arguments, seeing that, although the period during which the excess profits tax will be in force during the current year will be much less than

[Pandit Hirday Nath Kunzru.]

Government contemplated when they introduced the Bill the yield of the tax would still be Rs. 3 crores, we may well come to the conclusion that its yield in a normal year, that is in a full year, will be much more than that. It may be, Sir, as the warning that you gave us implied, that the Government have deliberately chosen a tax which will give them much more than they would immediately need, so that if they are faced with an emergency requiring a larger expenditure than they have provided for in the Budget, they may be in a position to meet it. I do not know if that is the case. If it is so, and if this Bill is likely to yield much more than is immediately needed, I should strongly object to it. If Government, say, six months later, find that their expenditure has risen in unforeseen directions and that they want more money, they should come to us with measures for additional taxation. We do not want that we should provide them with a source of income which would enable them to get much more than they need at present so that they may not be forced to come before the Legislature again, which would raise inconvenient questions of policy if it were asked to vote additional taxation. We shall have, I think, to wait for some time to gain experience and to know with certainty whether Government or the non-official Members are largely in the right. But, for the time being, I must say that, even if the excess profits duty would, as pointed out by some critics, provide Government not with Rs. 3 crores but say Rs. 6 crores, I would not reduce it but would instead press for the withdrawal of the Government proposals for raising the duty on petrol and the excess duty on sugar. The withdrawal of those two taxes will in my opinion be preferable to a modification of the Bill before us in order that the excess profits tax may produce the exact sum of Rs. 3 crores and nothing more. We are all agreed in our desire that the measures that we agree to or rather have to agree to should not provide Government with more money than they have asked for. But there is a difference in our points of view with regard to the comparative advantages and disadvantages of an excess profits tax and of other forms of taxation which can only be more or less general.

Sir, I fear I have taken too long a time in dealing merely with general considerations affecting the Bill. I shall now come to some specific suggestions that I have to place before the House and I shall deal with them very briefly. One of the points that I wanted to urge has already been placed before the House by my Honourable friend Rai Bahadur Sri Narain Mahtha. Government have already allowed that the money borrowed from banks or raised on the security of debentures should be regarded as part of the capital on which standard profits are to be calculated. But they have not allowed loans taken from firms and individuals to be taken into account. Now, I can understand their difficulties. But apart from the force of what my Honourable friend Rai Bahadur Sri Narain Mahtha said, it is necessary to point out that it is not uncommon for people engaged in business in this country to raise money by means of *hundis* and other kinds of documents which the private Indian money market is familiar with. Now, it is not right that this kind of borrowing should be penalised. You may meet with difficulties in deciding to what extent a transaction is genuine if you allow private loans to be taken into account, but it is your duty to face these difficulties and not to penalise the business man. I am sure, Sir, that business men who raise money in this way will not get loans in this manner only after the Bill has been passed. I am sure the practice of borrowing money from private lenders is followed by them already. Their existing transactions can therefore be a valuable guide to Government in deciding to what extent the claims put forward by them hereafter are genuine. Even the suggestions that we have made may not remove all the difficulties in

the way of Government, but I submit that they cannot, because of the obstacles in their way, refuse absolutely to consider the case of those who have taken private loans and decline to extend to them the concession which they have already done to those who borrow from banks or raise money on the security of their debentures.

Another point, and a very important one, but which too has been forestalled, is the one referred to by my Honourable friend Mr. Hossain Imam. It relates to relief from double taxation in respect of excess profits. Government know our point of view on that point without any shadow of doubt. We discussed an analogous question in connection with the amendment of the Income-tax Act. That, with the considered opinion of the non-official Members before them on this point, they should still adhere to the inequitable division of taxation of incomes between India and England is surprising, especially in the present situation when they want not merely our money but also our goodwill. If any businesses are mainly carried on in this country, what unfairness would there be to the business men themselves or to England if they were asked to meet our demands before meeting the demands of the British exchequer? Considering the weak economic position of India as compared with that of England and the fact that the Dominions have not followed the scheme of relief from double taxation which India has been compelled to accept by Government, the scheme proposed in this Bill for relief from the imposition of double burdens seems to me to be extraordinarily unfair. I have no hope that it will be revised. I know that England has to meet a heavy burden at the present time. But considerations of equity and fair-mindedness ought not to be given the go-by even when we are faced with a crisis like the present.

A third point, and a very small one, which I want to direct the attention of Government to is the need for freeing the cinema industry from the imposition of the excess profits tax. The Report of the Rangachariar Committee, it seems to me, has only been very partially given effect to by Government. It is, therefore, all the more their duty to exempt the cinema industry in the same way as they have exempted life insurance business.

There is only one other point that I wish to deal with, and it seems to me to be of major importance. I said when I began my remarks that one of the most important questions raised by the Bill before us related to the industrial development of the country. We raised this issue in connection with the Budget. I shall discuss it more fully when we are asked to consider the Finance Bill. But I cannot help referring to it even on the present occasion because of its importance. Since the Budget was discussed, Government have announced a scheme for the establishment of a Board of Scientific and Industrial Research for which a sum of Rs. 5 lakhs is to be provided. I welcome the step that has been taken. But, surely, this by itself cannot lead to that rapid industrialisation which is the aim of every one. We must have a more positive policy for the future, and I want to know what the positive policy of Government is. Are Government content with the establishment of the Scientific and Industrial Board or do they mean to take any further steps in order to bring about quicker industrial development? That is a question of great importance, particularly at the present time. I have already said, Sir, that I do not want to dilate on this question because I should like to deal with it more fully in connection with the Finance Bill. But the main point that I want to urge is the need for a more positive and constructive policy—

THE HONOURABLE THE PRESIDENT: I understand that the Honourable the Commerce Member is going to make his announcement on it some time and give details.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: That, Sir, if I may say so, is one of the reasons why I do not want to dwell further on this question today. But, as I have said, in view of its importance, I could not help raising it even in connection with the discussion of the Bill before us. Full information may be given to us by the Commerce Member later on. But I do hope that either the Honourable Mr. Sheehy or the Honourable Finance Member, if he is able to attend our debate, will be able to say something to assure us that Government will not be satisfied with research work only and that they have more substantial and larger schemes in view to enable the country to take advantage of the present situation to strengthen its industrial position.

THE HONOURABLE THE PRESIDENT: Honourable Members, I propose to adjourn the House at this stage. We have got a spare day tomorrow and I also understand many Members of this House have to attend the Viceroy's House this evening for a certain function. I therefore adjourn the House till Eleven of the Clock tomorrow morning when I hope the Honourable the Finance Member will also be present to reply to the debate. I shall give other Members who have not spoken today an opportunity of speaking tomorrow.

The Council then adjourned till Eleven of the Clock on Wednesday, the 27th March, 1940.

COUNCIL OF STATE.

Wednesday, 27th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTION AND ANSWER.

TOTAL AMOUNT CONTRIBUTED BY HIS MAJESTY'S GOVERNMENT TOWARDS DEFENCE.

63. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government state the total amount of British contribution towards the Defence expenditure of India under various heads showing details? How much out of the contribution has been actually received?

THE HONOURABLE MR. C. E. JONES: I would invite the attention of the Honourable Member to the statement in the Budget Speech that His Majesty's Government are spending considerable sums on measures directly connected with the defence of India but it is not in the public interest to disclose either the nature of the measures or the amounts involved.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What I asked was whether the amount promised by the British Government as Defence contribution has yet been paid or not? I do not want any details. I only want the information whether the promised amount has been paid either in part or in full?

THE HONOURABLE SIR JEREMY RAISMAN: I am not quite clear what the Honourable Member means by the promised amount?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: As far as I remember, a certain sum was promised by the British Government towards defence expenditure. Has that sum been received in full or in part? If not, why not?

THE HONOURABLE SIR JEREMY RAISMAN: If the Honourable Member will study with care the Budget Speech he will realise that that sum has now become a much larger sum. Nevertheless, His Majesty's Government continue to carry the responsibility for supplying the equipment of which that sum is the cost.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Can the Honourable Member tell us what part of it was received before the war broke out?

THE HONOURABLE SIR JEREMY RAISMAN: I am afraid I could not give the Honourable Member that figure.

EXCESS PROFITS TAX BILL—*contd.*

THE HONOURABLE THE PRESIDENT: The debate will now be resumed on the Excess Profits Tax Bill.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern Non-Muhammadan): Sir, the Bill before the House was introduced, as the Honourable Mr. Sheehy reminded us yesterday, on the 27th of January. He told us, and I think rightly, that it had been considerably modified by the Select Committee and the other place. Sir, before I go on to develop my argument, I should like to express my appreciation of the extreme clarity which characterised Mr. Sheehy's presentation of the case. I should like also to express my appreciation of the ability and tact which characterised Sir Jeremy Raisman's conduct of the Bill in the other place. We are glad to see Sir Jeremy Raisman here today. In the speech which I delivered on the General Discussion of the Budget I made it clear that on the main question as to whether defence expenditure should at this stage be financed by borrowing or taxation I was clearly with Sir Jeremy Raisman who advocates its being financed by taxation. The position as I see it is this. There is a gap of Rs. 3 crores between expenditure and income. The expenditure proposed is not of a staggeringly heavy character and it is an accepted principle of public finance that moderate emergency expenditure should be financed by taxation and not borrowing. I think there is no analogy between defence expenditure here and the defence expenditure that they have to incur in England. Figures there are of an astronomical character. It would have been clearly wrong to leave the Budget unbalanced as such a course is only justifiable in a period of depression. The Budget having to be balanced, Sir Jeremy Raisman had necessarily to see that the burden of taxation falls on those who have the broadest shoulders to bear it. Therefore, Sir, the principle of the Bill is not open to objection. Excess profits—and it is excess profits that are being taxed—excess profits are in the nature of windfalls or unearned increments which the concerns have done little to earn and which are obtained at the expense of the general taxpayer and the consumer. If the profiteer is allowed to escape, the general taxpayer will have to pay in the form of some other taxation and this will no doubt be unfair to the general taxpayer, because he is already being mulcted once in the form of higher prices. Sir, what was the alternative to this taxation? The alternative to this taxation was either an increase in the super-tax and income-tax—and no one who has studied the income-tax and super-tax will deny that they are fairly high—or increase in some other indirect taxation, and we know that the burden of direct taxation in this country is fairly high; our taxation system is regressive. Therefore the principle of the tax is sound and the measure is in conformity with notions of social justice. It was said by the Honourable Mr. Shantidas Askuran that in considering this question we ought to bear in mind that the country is in a comparatively backward condition and the taxation limit must not be of such a character as to hamper the industrial progress of the country. Well, Sir, I will bear this test in mind. Bearing this test in mind, I am glad to note that the Bill as it has come to us in its final form is in many respects an improvement over the measure originally introduced which gave too great a shock to commodity markets. Sir, if I may just dilate on this question of industrial development for a minute, the Honourable Mr. Kunzru, in the forcible speech which he delivered yesterday, emphasised

the necessity of rapid industrial development. But the causes of the industrial backwardness of India are not, as Mr. Shantidas Askuran would have us believe, merely the shyness of Indian capital or the lack of accumulated capital. The deeper causes are, I think, to be found in the political relationship of this country with Britain, in the social organisation of this country, in waste, in luxury, and also in bad management of Indian concerns. I think, Sir, the small investor has not yet developed a sufficient confidence in the capacity of the class from which my friends, the Honourable Mr. Shantidas, comes. That, I think, Sir, is one of the principal difficulties in the way of industrial development and this psychological difficulty you will not remove by opposing the excess profits tax. Excess profits tax or no excess profits tax, this psychological difficulty is here and if Mr. Shantidas Askuran is really anxious to further industrial development, he should work for a higher standard of integrity, so far as the industrial and commercial concerns are concerned.

Coming now, Sir, to the improvements that have been effected in this Bill, I find that, in the first place, the tax will be imposed as now from the 1st of September, 1939. I think this is right because it implies that Government have accepted the contention that the tax should apply to profits during the course of the war and not to profits arising out of the superior efficiency of a concern or any other such cause. For, Sir, in England there was, so far as the armaments were concerned, much activity after Munich, and therefore the analogy between England and India is not correct, and I am glad that Sir Jeremy Raisman has accepted the 1st September as the date from which the tax will be imposed.

The second respect in which the Bill represents an improvement is the extension of the standard period for calculation up to 1938 and 1939. 1938 and 1939 can also be taken into calculation as one of the standard periods. Sir, I should like the House to recognise the importance of this concession as it is sure to benefit a number of industries, particularly iron and steel, sugar and jute. I think the result of this concession will be that nearly 2,500 concerns which would have come in under this Bill in its original form will not come in under the operation of this Bill. No doubt, Sir, this and the other concessions which have been made by Sir Jeremy Raisman will reduce the estimated revenue expected from this tax but they will at the same time enable Government to introduce this measure in an atmosphere of goodwill, in an atmosphere of co-operation—intangible things which cannot be valued in terms of rupees, annas and pies.

The third respect in which Government have accommodated the business community is in raising the taxable minimum from Rs. 20,000 to Rs. 36,000. This means that a number of concerns will not come under the operation of this Bill. It will be only after you exceed the figure of Rs. 36,000 that you will be liable to taxation under this Bill. This, therefore, no doubt will exclude many small concerns and, with the provision as it now stands, the Bill will affect the bigger concerns only. It is, I say, Sir, to the credit of Sir Jeremy Raisman that he has shown a spirit of accommodation in this matter.

The fourth respect—and I look upon it as a very important respect—the fourth respect in which the Bill is a definite improvement over the Bill as originally introduced is that the rates will be subjected to periodical revision and review by the Legislature. Sir, I look upon this as an important concession for we are a Legislature which cannot control the Executive. Periodical discussions will enable us to exercise pressure which a permanent Act would have deprived us of. I think it was a right principle for which the

[Mr. P. N. Saprú.]

Members of the other House stood, that the Act should be subject to revision periodically and I am glad that this principle has been accepted by Government.

Another point to note is that the Bill will cease to operate unless extended on the 31st of March, 1941. I think I am right in stating this. I also, Sir, welcome the proposal for the exemption for the reasons given in the Report of the Select Committee, of insurance businesses from the operation of the Act. I should like this exemption, Sir, to be extended to the cinema industry which requires encouragement. Reference was made to the Report of the Rangachariar Committee by the Honourable Mr. Kunzru and I would like to endorse what he said in regard to the cinema industry.

There is one respect, Sir, in which I should have liked the Bill to be different. I find, Sir, that loans or debentures borrowed from banks will be regarded as capital but this concession is not going to be extended to loans borrowed from private firms or private individuals. We know how money-lending is carried on in this country. We know that under the economic organisation of this country, *hundis* and private bankers play a large part. There may be administrative difficulties in placing the private firms and private individuals who carry on money-lending business on the same footing as banks. But I think justice requires that there should be no discrimination between one class of lenders and another class of lenders, I, therefore, would like to see a change in the Bill in this respect.

The Honourable Mr. Shantidas Askuran, in the attack that he launched on this Bill, stated that in the Dominions there was no excess profits tax. I do not know whether Australia and New Zealand have any excess profits tax or not. I am not certain about South Africa either. But Canada certainly has an excess profits tax and reference was made to the provisions of the excess profits tax in the other place by no less a person than the Dictator of the Muslim League—

THE HONOURABLE MR. SHANTIDAS ASKURAN: There is no excess profits tax in Canada.

THE HONOURABLE SIR JEREMY RAISMAN: Certainly, there is an excess profits tax there.

THE HONOURABLE MR. SHANTIDAS ASKURAN: When was that introduced, Sir?

THE HONOURABLE SIR JEREMY RAISMAN: It was introduced, I believe, in September or October last.

THE HONOURABLE MR. P. N. SAPRÚ: Sir, the Honourable Mr. Shantidas Askuran stated that this Bill would damp the enthusiasm of all those who were going to promote new industries. I do not know whether it is going to damp their enthusiasm. But I know this, that it will help to some extent to check the growth of mushroom companies and it will also help to check speculation, and if it checks speculation, I think it is all to the good.

Sir, I should like to endorse what was said yesterday by the Honourable Mr. Kunzru and the Honourable Mr. Hossain Imam in regard to the provisions of the Bill for relief from double taxation. They have stated the case for India very clearly in their speeches and I have nothing to add to what they have said. All that I want to say is that I am in entire agreement with them

in the attitude that they have taken up in regard to this question. We have to look primarily to the interests of the Indian tax payer and I think the British Treasury ought to be fair to us.

A great deal was said about a cut in the salaries of Government servants. It was suggested, though not stated directly, that the Budget could be balanced by a cut in the salary of Government servants. I am one of those who think that the salaries in this country are far too high—

THE HONOURABLE THE PRESIDENT: We are not discussing the Finance Bill now.

THE HONOURABLE MR. P. N. SAPRÚ—and irrespective of the budgetary position, I should like them to be reduced. But I do not see how the Budget can be balanced by a mere cut in the salaries of Government servants. You will have either to resort to taxation or borrowing or you will have to leave the Budget unbalanced. These are the only three alternatives—leave the Budget unbalanced, or balance the Budget by borrowing or by taxation. I think the correct thing for Government to do is to balance the Budget by extra taxation. If you think that the principle that the Budget should be balanced by taxation is correct, then there is no other fairer method that either the Government or the Opposition can suggest than the method suggested by this Bill. Why should not those who have done nothing to earn these excess profits be made to part with some of those excess profits? We must remember that we are not taxing the standard profits. Businesses can select their own period. We are taxing only excess profits and then we are not appropriating all the excess profits. We are making a present of Rs. 36,000 to them, and then after they have deducted Rs. 36,000—

THE HONOURABLE MR. HOSSAIN IMAM: No.

THE HONOURABLE MR. P. N. SAPRÚ: It is the excess over Rs. 36,000 that is taxable under this Bill.

THE HONOURABLE RAI BAHADUR SIR NARAIN MAHTHA (Bihar: Non-Muhammadan): The first Rs. 36,000 is also taxable.

THE HONOURABLE MR. P. N. SAPRÚ: If you have a profit of Rs. 40,000 or Rs. 45,000 in excess of the standard profits—

THE HONOURABLE THE PRESIDENT: Please do not argue amongst yourselves, but address the Chair.

THE HONOURABLE MR. P. N. SAPRÚ: Sir, I do not think that having regard to the concessions that have been made, the figure of 50 per cent. is too heavy. I cannot say that there has been any under-estimation or over-estimation of revenues. I would not like to speak dogmatically on this question. The Honourable the Finance Member thinks that there has been no under-estimation of revenues. I think he has given reasons which appeal to my commonsense, and I am inclined to think that in view of the concessions to my commonsense, and I am inclined to think that in view of the concessions which have been made, there has been no under-estimation. Therefore, I would say that the figure of 50 per cent. is not too high. If we find as a matter of fact that there has been under-estimation, the Bill will come before us for review next year and we can take our own line then. Those who think that there has been under-estimation of revenues have not made out a convincing case.

[Mr. P. N. Saprú.]

I have so far dealt with the Bill as it is before us, and I have tried to show that in the circumstances in which we find ourselves, this Bill is a right and just Bill. There is, however, a political aspect of this Bill to which reference was made by the Honourable Mr. Kunzru. Into that political aspect I do not propose at this stage to enter. The proper occasion will be the Finance Bill. But I would just like to say this, that we are not satisfied with the manner in which the proceeds shall be spent upon the defence of this country. If there is to be increased defence expenditure, and we have recognised the necessity for strengthening our defences, there must be greater association of the people with the defence of the country; there must be larger control given to the people over the defences of the country, and you have to change the psychology of the people in regard to defence. That psychology you cannot change unless you change your basic political policies.

Then I should like also to say a word about industrialisation. Further taxation is justified if it leads to greater productivity, if it leads to greater efficiency and to the betterment of the community as a whole. The standard of living in this country is deplorably low, and if we are to raise the standard of living in this country we must go in for well-considered and well-planned schemes of industrialisation. From this point of view I am glad that Government have given a grant of Rs. 5 lakhs for industrial and scientific research. But Rs. 5 lakhs is far too little. The grant should have been much larger, and there ought to be a more well directed policy of industrialisation than has been followed so far. There ought to be greater speed in this direction than we have had so far. I should also like a part of the sum that we spend upon industrialisation to be spent upon research into conditions of that essential commodity which employers are often apt to forget, human labour. I do not think they would be able to earn any profits, standard or excess, without the co-operation of labour, and I should like a part of the proceeds of this taxation to be spent also upon that indispensable partner in industrial development, the worker.

These are all the observations that I have to make in regard to this Bill. I look upon this Bill as a just Bill, as a Bill in conformity with my notions of social and economic justice, and I have therefore pleasure in according it my support.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces and Berar : Non-Muhammadan): Sir, I heartily congratulate my Honourable friend the Finance Member on piloting a very controversial Bill so skillfully in the other House. I also congratulate my Honourable friend Mr. Sheehy for his lucid speech and for giving us to understand more clearly the complications in this Bill. This Bill raised a lot of controversy especially in industrial circles when the Government of India announced that they were going to introduce it. Protests were made from all quarters and more especially the industrialist thought that it hit them hard and they therefore closed markets, observed *hartals* and sent protests to the Government against the introduction of this measure. Sir, an Anglo-Indian paper, the *Times of India*, which cannot be said to take extreme views also remarked that though India is sympathetic to the Allied cause she cannot be expected to make the same sacrifices as Britain herself. After that no doubt many of the objectionable features of the Bill were removed in the Select Committee and by the other House, and those industrialists who were opposed to the Bill had ultimately to agree to the passing of the Bill in the other House.

But, Sir, I cannot agree with my friends and Mr. Sheehy who have stated that the Bill will affect only 2,500 assesseees, because the facts which I see are otherwise. I shall just state the facts. As soon as the Bill was introduced or the announcement was made, prices went down.

THE HONOURABLE THE PRESIDENT: The Bill was not introduced. It was published in the *Gazette of India*.

THE HONOURABLE MR. V. V. KALIKAR: An announcement was made that the Bill was going to be introduced and as soon as that announcement was made prices of raw produce went down by 25 per cent. You, Sir, will bear testimony to the fact that in the Central Provinces and Berar the prices of cotton, wheat, and other raw products went down by 25 per cent. (An Honourable Member: "And of manufactured goods.") Sir, my Honourable friend says that the case is the same with manufactured goods. If the Bill is going to affect only a limited number of assesseees I cannot understand why the prices should go down. When the prices went down naturally the producers of raw produce were affected. The agriculturists have passed through a period of depression admittedly for the last eight or nine years. We looked to the raising of the prices for some relief and for about two months in November and December we were hopeful that at least this year we would be able not only to meet the cost of production but also to save something.

THE HONOURABLE THE PRESIDENT: That was due to speculation on account of the war, in anticipation of war; it was not due to the announcement of the excess profits tax.

THE HONOURABLE MR. V. V. KALIKAR: Sir, whether it was due to speculation or manipulation in the market, the immediate effect of the announcement was there, that the prices went down. Therefore, I submit that we were hardly hit and naturally we ascribed this to the introduction of the Bill.

Sir, it is stated that the Bill is not going to affect other classes. I come to the shareholders. What is the position of shareholders? If their profits—I mean their excess profits—are to be taxed, the shareholders who have not gained any dividend during the last six or seven years owing to the depression or who have got very small dividends and who expected that under these conditions the industry would make some profit would naturally not get the same dividend which they expected they would under the circumstances. Therefore I submit that the Bill is not only going to affect only 2,500 but it has affected and it would affect a very large number of people directly or indirectly. Reference has been made by my Honourable friend Mr. Saprú and was also made in yesterday's debate to the passing of a similar measure in Canada. So far as I know, such a measure has not yet been passed by any other Dominion except Canada and even in Canada the measure that was passed is going to take account of the profits which are to be earned in the fiscal period ending after March 31st, 1940, whereas here the present measure is going to take into account the profits that are to be made after the 1st September, 1939. I do not know whether within two or three months the industrialists have made abnormal profits, because the industrialists are better judges and they can give a better account of themselves on this point. As a layman I think that it is not possible to make abnormal and excessive profits within such a short period of three or four months.

THE HONOURABLE THE PRESIDENT: Didn't the Calcutta people do in jute?

THE HONOURABLE MR. V. V. KALIKAR : It may be a very exceptional case, but I am speaking generally and I do not think industries which have been experiencing depression for the last so many years can make abnormal and excessive profits within three or four months. It has been stated that as a similar measure was passed in Great Britain, Government also felt the necessity of getting this measure passed here. In Great Britain before the war there were measures of this kind. I refer to the National Defence Contribution and Armaments Profits Duty. The present tax, I understand, in England is not going to add to their revenue. If economic conditions in India differ widely from those obtaining in England, you must have recourse to other remedies and not to a remedy like this. You cannot compare England with India. England is a highly industrialised country, while India has only after the last war made some attempt to develop industries. We know the step-motherly treatment that the Government has given to our industries during the last 20 years. We also know that the industries have had to undergo a period of depression—and a very serious period of depression—and I am rather doubtful whether the industries would be able to rehabilitate their condition after the depression is over and after paying these high taxes that are going to be imposed by this measure. As I said, industrialists are the best judges and if industrialists think that without any damage to the industry, without retarding the growth of industries in India, they can afford to pay taxes, I have every support for this measure. I myself doubt whether they will be able to do it. Sir, it is one thing to say that one believes in a particular principle and it is quite a different thing to say that because a national emergency has arisen everybody ought to bear some burden. It is very easy to invent specious theories and to find out certain arguments in favour of those theories, but it is rather difficult for me to understand as to how those theories can be supported when faced with facts. It was said the other day that artificial inflation of prices ought to be condemned. Sir, I agree with that view, but who is responsible for artificial inflation of prices. The exchange policy of the Government of India, the economic policy followed by them up till now and also the depression in the world is to a very important extent responsible for the artificial inflation of prices that took place after the last war. Sir, it is said that if we do not agree with this principle we must find out some other remedy to fill the gap of Rs. 3 crores. I think if the Government had been responsible to us, if the Government had been responsive to us at least, then the burden would have been laid on us to find out some other remedy.

THE HONOURABLE THE PRESIDENT : I am at a loss to understand you. Are you supporting the Bill or attacking the Bill?

THE HONOURABLE MR. V. V. KALIKAR : That you will know, Sir. But when the Government is not responsive, I think the burden does not lie on us to find out a remedy. It is for them to find out a remedy to fill the gap. Then, Sir, the question of industrialists taking high profits and other things was raised yesterday by some of my Honourable friends and I found that they were up against industrialists. I can understand those feelings and I can understand these things coming from a friend who is imbued with principles of socialism. But I cannot understand, Sir, agriculturists running at the throats of industrialists because after all agriculturists in India, at least in these dangerous times, will have to depend upon industrialists for taking their raw materials. It is very easy, Sir, to say that the industrialists should be wiped out, but, Sir, those people who indulge in this sort of theory fail to bear in mind their own position as they are the producers of raw materials and somebody is required to absorb their products. Sir, I wish my friends to

take a more sober view of things in these dangerous conditions. They should not try to run at the throats of the industrialists and preach a theory with a view to wiping away the industrialists from the economic structure of India.

Sir, as I stated, some of the objectionable features of the Bill have already been removed by the other House but, according to the industrialists, there are certain objectionable features in the Bill itself. I endorse the remarks of my Honourable Leader, Lala Ram Saran Das, about reducing the percentage. Sir, even the *Times of India* stated that the percentage of 50 per cent. is too high. What I want to submit is this that, if some of the profits are allowed to remain with the industrialists, they will take advantage of it to build up a reserve and also to expand the industries, which will really be in the ultimate interests of India.

Then, Sir, in the body of the Bill, no doubt in fixing the standard period option has been given of an additional year but, Sir, according to me, you cannot gauge the correct figure of excess profits without fixing a correct standard period. Admittedly, the industries have passed through a period of depression during the last ten years and a suggestion was made in the other House and mentioned in the dissenting minute of Sir Cowasji Jehangir that only the year 1938 alone or the year 1938-39 should be included. Sir, I regret to find that that suggestion has not been given effect to. If that suggestion had been given effect to, you would have been able to judge correctly how much excess profits or abnormal profits the industries have been able to make and then only can you really say, under the present measure, that the tax is on the abnormal profits and not on the normal profits.

The next suggestion that he made was about the profits which are not liable to taxation under the Income-tax Act but which are made taxable under this measure. Sir, if the intention is to tax abnormal profits and not to take a share of the normal profits, if you really desire to tax excess profits which have accrued owing to the war, then, Sir, you ought to have excluded those profits which are not taxable under the Income-tax Act. Sir, he has given an example in his minute of dissent of a company incorporated in an Indian State. If a company is incorporated in an Indian State and the company wants to increase the capital by the profits that have been made and reduces the capital and returns it to those persons who are residing in British India, that amount which comes to British India is not taxable and therefore he says that the meaning that is attached to the word "company" under the Income-tax Act should be retained here. That suggestion, Sir, has not been followed. It seems that the profits that accrue there will be taxed under this measure.

Sir, a further suggestion made by him about not discouraging *bona fide* transactions for a *bona fide* consideration has not been given effect to. I think, Sir, if these points had been accepted by the Government, they would have been able to fix a correct tax on the excess profits arising out of the war. The industrialists seem to think, even now after the passing of this measure, that a portion of their normal profits will be taken by the Government under this Bill. I think, Sir, this impression ought to be removed and steps ought to be taken to that effect. Sir, though I do not agree with the view expounded by some Members here, that the principle is a correct principle, still I agree to give my consent to the Bill simply because these are dangerous times and we must give every help to the Government in these dangerous times.

THE HONOURABLE SIR JEREMY RAISMAN (Finance Member) : Sir, I regret that I was not able to be present yesterday when the main part of the

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debate on this Bill took place and I am under the disadvantage of attempting to reply to a debate the greater part of which I have not actually heard. Nevertheless, Sir, I shall do my best to deal with a few of the main points which were brought out in the course of that debate.

From a perusal of a summary of the debate the impression I have received is that this House has rightly in the main supported the principle of the Bill and that its features also, as they now stand, have found acceptance amongst a majority of the Honourable Members of this House. There have no doubt been criticisms of particular points. But, as my distinguished predecessor used to say, many of the remarks have tended to cancel themselves out. I admire the mental agility of the last speaker who finds it possible, whilst disagreeing with the principle, to support the Bill. Most of the difficulty which I encountered at an earlier stage was in dealing with people who wholeheartedly supported the principle of the Bill but found themselves unable to agree to any of the steps for carrying that principle into effect. One of the misgivings which have been expressed by more than one speaker in this House relates to the machinery for carrying out this measure.

12 NOON. On that, Sir, I can only say that I am as fully aware as any Honourable Member of the paramount importance of securing that the processes of this measure are effectively, efficiently and fairly applied, and that is a problem which is already receiving my very careful attention. I am not in a position to give this House the details of what I have in mind, but I can say this that we shall not attempt to embark on the work of assessment until we have been able to set up a machinery which, in our opinion, is satisfactory and adequate. My Honourable friend Mr. Richardson delivered himself of some animadversions on the existing staff of the Income-tax Department. I am not prepared to claim that the administration of any Department of Government is perfect. But I do think that we have, in recent years, made great improvements in the administration of the Income-tax Department. It must always be the case that the levy of a tax such as the income-tax will be accompanied by a certain amount of, if not friction at any rate discontent. But we have tried our best, and particularly in recent years, to reduce the element of legitimate dissatisfaction to a minimum. And I am not prepared to admit that even where discontent does exist, the causes of dissatisfaction are entirely due to the lack of sympathy or to any unwarrantable arbitrariness on the part of the income-tax officials. Nevertheless, we do bear constantly in mind the desirability of securing as wide a measure of satisfaction as is possible with the administration of direct taxation and we are always prepared to investigate specific cases which are brought to our notice. I shall, therefore, Sir, do my best to secure that the machinery which is set up for the administration of this measure is satisfactory and efficient, and that it does not reduce the efficiency of the existing machinery for the collection of income-tax, within the limitations, of course, which face me. I hope that what I have stated will satisfy the House that this aspect of the matter will receive our very best attention.

I come now to a point which has been mentioned by several speakers, and that is the question of industrialisation, the effect of this tax on the progress of industry and the steps contemplated by Government to assist industry during the war. I agree with those speakers who do not consider that the levy of a tax on the excess profits above a reasonably high standard can operate as a serious deterrent to industry. I would go further and say that industrialists do not present themselves in a very favourable light when they claim that in the absence of a prospect of enormous and uncontrolled profits of

which no undue share shall be taken by the State, they would be incapable of taking advantage of the opportunities presented by the war situation. I do not myself believe that, and I think they do themselves less than justice. I also think that they show a remarkable lack of appreciation of the share, which is due to the community, of profits which arise in the circumstances of the present emergency. They appear to put forward the claim that private profits, however they arise, have a sacrosanct character and that any attempt on the part of the State to share in those profits in order to meet the inevitable expenditure of the emergency is immoral or expropriatory. That is a view which, if accepted, would make the administration of the country exceedingly difficult, if not impossible, and would make it impossible, in particular, for the community as a whole to adjust themselves to the serious financial effects of any emergency. But I have been asked even by speakers who do not support these extravagant and reactionary claims of industrialists what Government intend to do to assist industry to take advantage of the present opportunities. Well, Sir, it is not really my particular business. It is more the concern of my Honourable colleague the Commerce Member to give a detailed reply on this point. But I will say this, that in providing a sum of Rs. 5 lakhs for purposes of research during the coming year I felt that that provision was capable of proving of assistance to industry to a degree much greater than the actual sum itself might appear to suggest. It is familiar knowledge amongst those who have embarked on industrial enterprise that there is a stage of investigation, research, trial, during which a sum, not necessarily exceedingly large, has to be expended the whole of which will be lost if the result is negative. Now, Sir, a sum of Rs. 5 lakhs can go a very long way in financing experiments and enabling us to answer the question whether certain industrial processes could be carried out in Indian conditions or not. Moreover, once that stage is passed and once Government are satisfied that the industry could be carried on in Indian conditions, it is obviously possible to provide assistance in other ways which need not necessarily involve actual large expenditure by Government. If what the critics have in mind is that Rs. 5 lakhs would not actually finance a large number of new industries, then I entirely agree with them. But then I ask in my turn, do they consider that it is the business of the Government actually to embark on carrying out all these new projects itself? If so, what justification would there be for bringing in the private entrepreneur at all and allowing him to appropriate any of the resultant profit. I take it that the object is to give such initial assistance and guidance and such subsequent help to new and pioneer industries as will enable them to take the utmost advantage of the opportunity. But it is not the object that Government should itself start and run these new industries.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Will you guarantee these new industries a certain amount of profit percentage?

THE HONOURABLE SIR JEREMY RAISMAN: No, Sir. That exactly illustrates the entirely extravagant nature of the expectation which the class to which my Honourable friend belongs entertains on this subject. We can say to the industrialist, here is a situation in which it appears to us that there are opportunities for private enterprise. We can say more, we can say we have now spent Rs. 10,000 in producing a small amount of this commodity and we are satisfied that it can be produced in India. We can go further and we can say that if any obstacles should arise at a later stage we will endeavour to assist in the removal of those obstacles. But that we should also say to them, now we have done everything for you, go along, invest your money

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and if you do not get 5 per cent., the general taxpayer will pay that to you—that it seems to me is a monstrous proposition; and if the industrialist is not prepared to take a chance on the basis which I have already indicated then it seems to me he had better put his money in Government paper.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Where is, then the encouragement to industry?

THE HONOURABLE SIR JEREMY RAISMAN: If my Honourable friend does not consider that what I have indicated is a reasonable measure of encouragement to industry, then I am afraid I must differ from him.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA (Bihar: Non-Muhammadan): Will the Government be prepared to give some sort of assurance to the industrialist that no further measures of taxation or other measures will be introduced which will react prejudicially on industries?

THE HONOURABLE SIR JEREMY RAISMAN: It is impossible for Government to give large undertakings of that kind to anybody. All I can say is that we have in the drafting of this measure had in mind the special difficulties of new and pioneer industries and I have no doubt that in any future schemes of taxation which may arise we shall endeavour to the best of our power to avoid inflicting damage on such new industries.

My Honourable friend Mr. Kalikar complained that the percentage of the tax was too high and that we should leave more with industry as a reserve. That criticism has I think been answered by a number of other speakers and I agree with those who feel that 50 per cent. of the excess profits over the standard now embodied in the Bill leaves a sufficient margin of reserve to industry against future contingencies. To claim more than this I think is to advance on behalf of industry a demand which is not justifiable and which is not reconcilable with the requirements of the community as a whole. It would not be fair in my opinion to the general taxpayer to take a lesser proportion of a slice of profits determined in accordance with the measure as it now stands. In another place I spoke at some length on the effect of the inclusion of the year 1938-39 in the standard period. I do not wish to go into the point at length, but I trust Honourable Members will realise that the excess profits are determined in the last resort by comparing the average profits during the war with the profits of the standard period, and therefore the adoption of too high a peak has the effect of narrowing the margin of excess profits to a very great extent. That is the reason why it is unfair to take the year 1938-39 alone as a basis of comparison, because it would mean that even a business which could repeat for several years the highest peak which it has ever reached would be regarded as an industry which had received no special advantage from the war.

I come now, Sir, to another point in regard to which there has been criticism and that is the treatment of bank loans and debentures in computing the average capital under Schedule I. I admitted in another place that the provision as it stood might be regarded as not completely logical and that it gave grounds to criticism of discrimination. Well, Sir, the history of the provision is that it is a compromise and being a compromise it is not completely logical. The position was that I was subjected to very considerable pressure to make

some concession in regard to borrowed capital. I therefore agreed to make the provision which now stands in the Bill. I was then subjected to further pressure to extend the provision so as to cover private deposits. I am quite satisfied in my mind that to go to that extent would be to render the administration of this measure almost impossible. It would have opened the door to evasion on a very large scale indeed and would have subjected the staff to constant difficulty and altercation and endless dispute. I myself would have been prepared to retrace the step which I had taken and excluded borrowed capital from the computation of capital employed in the business but the general consensus of those concerned was that it would have been unfair on my part to withdraw from the position to which I had advanced. The result, Sir, as so often in this sub-lunary world, was that I had to stand on a position not entirely justifiable on purely logical grounds but which represented the resultant of numerous forces. I will not attempt to adduce any more logical arguments for the retention of this provision, but I would remind Honourable Members that in judging of a taxing statute it has to be remembered that considerations of equity have frequently to be subordinated to considerations of practicability and expediency. In fact some experts go so far as to say that there is no equity in taxation and that the only principle which can inform a taxation measure is the principle of obtaining the necessary revenue where it can be obtained. My Honourable friend Mr. Kalikar touched on the effect which the publication of this measure had on prices. Well, Sir, you yourself indicated what I believe to be the true position that the markets had undergone a highly speculative inflation and that the bubble was due to be burst by some factor or other in a very short time. It may be that the publication of this Bill was the immediate occasion of a deflation which was in any case absolutely inevitable. The markets in question being highly volatile are subject to fluctuations and those fluctuations obviously in the nature of things cannot all be in an upward direction. It is in my opinion no condemnation of the measure to say that its appearance was the occasion for some reaction from what was an unsound position. I do not agree with the view that the tax reduces the return to the agriculturist. I am emphatically of the contrary opinion and I certainly do not think the argument can be sustained by mere allusion to the reaction which took place in the markets on the publication of this Bill. There is only one other point which I might touch upon before I sit down, Sir, and that is the complaint regarding the arrangements embodied in the Bill for double excess profits tax relief with the United Kingdom. I do not understand what the critics have in mind. What we intend is that when owing to the fiscal jurisdictions of both countries a single assessee is liable both to the excess profits tax of the United Kingdom and to the excess profits tax of India, arrangements should be made whereby he would finally be liable to the higher only of those two taxes and that the amount should be divided in effect between the two countries in proportion to the incidence of the tax. That is the principle which applies in the case of the relief of double income-tax. I cannot see how we can expect to do better than this or on what footing we could ask His Majesty's Treasury to forego the whole of their claim in order that we should occupy undisputed the field of taxation which is in their jurisdiction as well as ours. It seems to me, Sir, that the provision in this Bill is satisfactory from India's point of view. It is certainly more satisfactory than the provision in the measure of 1919 which, as far as I remember, was to the effect that an assessee who was liable to excess profits tax in the United Kingdom should not be liable to excess profits tax in India. That vacated the whole field of this taxation in favour of His Majesty's Government. I think that the provision which we now have is definitely appropriate to the circumstances and as much as India can justifiably claim.

THE HONOURABLE THE PRESIDENT: The Question is :

"That the Bill to impose a tax on excess profits arising out of certain businesses, as passed by the Legislative Assembly, be taken into consideration."

The Motion was adopted.

Schedule I was added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is :

"That Schedule II stand part of the Bill."

THE HONOURABLE MR. SHAVAX A. LAL (Nominated Official): Sir, I move :

"That rules 3A, 4 and 5 of Schedule II be renumbered 4, 5 and 6, respectively."

3A. Sir, this is a purely formal change consequential on the insertion of rule

The Motion was adopted.

Schedule II, as amended, was added to the Bill.

Clauses 2 to 5 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is :

"That clause 6 stand part of the Bill."

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move :

"That in the second proviso to sub-clause (1) of clause 6 of the Bill, for the words 'which was not in existence before' the words 'which was commenced on or after' be substituted."

Sir, this is another drafting change. This amendment proposes to make it clear that the proviso applies to the businesses referred to in clause 8 (1). The amendment follows the wording of the United Kingdom Act, on which clause 6 is modelled.

Sir, I move.

Clause 6, as amended, was added to the Bill.

The Motion was adopted.

Clause 7 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is :

"That clause 8 stand part of the Bill."

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move :

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures 'the 1st day of January, 1940' the words and figures 'the 1st day of September, 1939' be substituted."

Sir, as sub-clause (2) stands, it conflicts with the other sub-clauses of the section which have the date of 1st September, 1939. Those who moved for the amendment of sub-clause (2) in the other House, after an interval of reflection decided that the amendment was a mistake and Government undertook to move this amendment here to put the original date back in sub-clause (2).

The Motion was adopted.

Clause 8, as amended, was added to the Bill.

Schedule III was added to the Bill.

Clauses 9 to 12 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is :

"That clause 13 stand part of the Bill."

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move :

"That in the proviso to sub-clause (2) of clause 13 of the Bill, for the words and figures 'the year 1935-36' the words and figures 'the previous year' as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of the income-tax assessment for the year ending on the 31st day of March, 1937' be substituted."

Sir, these amendments were accepted by the Government in the other House, but on further examination it does not appear that the year 1935-36 has any definite legal meaning. If it means the financial year, then it will prevent the Excess Profits Tax Officer calling for the books referred to in clause 6 (2) (a) at the end of the period. This was not the intention and therefore the proviso has to be amended in order to bring it into line with clause 6 (2) (a).

Sir, I move.

The Motion was adopted.

Clause 13, as amended, was added to the Bill.

Clauses 14 and 15 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is :

"That clause 16 stand part of the Bill."

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move :

"That in clause 16 the brackets and number '(1)' and the whole of sub-clause (2) be omitted."

Sir, this amendment and the next which stand in my name go together and the reason for them is that, when it was pointed out in the other House that the Bill as it stood did not exclude prosecution in every case where a penalty was imposed, Government undertook to move an amendment in this House to put the matter right.

Sir, I move.

The Motion was adopted.

Clause 16, as amended, was added to the Bill.

Clauses 17 to 24 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is :

"That clause 25 stand part of the Bill."

THE HONOURABLE MR. SHAVAX A. LAL: Sir, I move :

"That sub-clause (2) of clause 25 be re-numbered sub-clause (3) and the following be inserted as sub-clause (2) :—

'(2) No prosecution for an offence punishable under section 23 or section 24 or under the Indian Penal Code shall be instituted in respect of the same facts as those in respect of which a penalty has been imposed under this Act'."

[Mr. Shavax A. La.]

Sir, I have already explained the reason for this.

Sir, I move.

The Motion was adopted.

Clause 25, as amended, was added to the Bill.

Clauses 26 and 27 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. F. SHEEHY (Nominated Official): Sir, I move :—

"That the Bill, as passed by the Legislative Assembly, and as amended by the Council of State, be passed."

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Mr. President, the turmoil caused by the publication of this Bill did not in any way reflect itself in the passage of the Bill in this House. We had a very serene and calm atmosphere.

THE HONOURABLE THE PRESIDENT: We always have in this House.

THE HONOURABLE MR. HOSSAIN IMAM—and in addition, it had almost universal support. When the biggest capitalist of India, the Honourable the Maharajahdiraja of Darbhanga supports the Bill, it is some satisfaction and some justification for existence of Second Chambers which are wrongly supposed to be the strongholds of capital and conservatism alone. We find in India it is a topsy turvy world and people who were supposed to be most conservative and most capitalistic have given their blessing to Government, and the little difficulty which they had to meet was in the other Chamber. Even in that place, the Government was not faced with unreasonable criticism, with the result that confidence begot confidence and moderation was replied to by Government by reasonableness on their part too. This Bill, Sir, is an example of what compromise can do, how even the most controversial measure can be passed as an agreed thing if there is sweet reasonableness present. I rather deplore the fact, Sir, that our friends of the Federation were not satisfied with this Bill. They would never be satisfied with this Bill until and unless they get the Congress in the House. The absence of the Congress was cited as a reason for sending a deputation to the Government and the Viceroy, and those who are self-styled champions of the masses have now been found to be the champions of the capitalists.

Sir, at this stage, it is not proper for me to dwell on the details of the Bill but I should like one or two points to be clarified. There seems to be some misconception about the duration of this Bill. I personally believe that the revision will have to come in the Finance Bill of 1942, and not in the Finance Bill of 1941. On that point, I wish the Honourable Mr. Sheehy will enlighten us, because the wording of section 4 is that the chargeable period extends to 31st March, 1941.

THE HONOURABLE MR. J. F. SHEEHY: That is quite correct.

THE HONOURABLE MR. HOSSAIN IMAM: Well, Sir, it seems that the Reporters will have to correct your speech (of yesterday's) because they have taken down as 31st March, 1941.

THE HONOURABLE MR. J. F. SHEEHY: What I mean is that what you said, namely, that the tax extends up to 31st March, 1941, is quite correct.

That does not mean that the Finance Member is not going, if he wants to extend it, to bring proposals to that effect in the Finance Bill of 1941. It is for the Finance Member to say what he is going to do.

THE HONOURABLE MR. P. N. SAPRU: This Bill will not automatically come before us in 1941?

THE HONOURABLE MR. J. F. SHEEHY: I think it will have to, because, this Bill imposes taxes on all chargeable accounting periods only up to 31st March, 1941. If you look at section 4, you will find that.

THE HONOURABLE MR. HOSSAIN IMAM: There is another point which the Honourable Member has not elucidated. The money of the people who are carrying on banking business is regarded as part of the capital. When they receive interest from the concerns, will it be exempted from the excess profits tax or will it be taxed under the Excess Profits Tax Act?

THE HONOURABLE MR. J. F. SHEEHY: Yes, it will be taxed; if they are doing business, it comes under this Act naturally. If the Bank lends money to the industrialist at 5 per cent., and if the industrialist's standard profits are calculated on the statutory percentage basis, he will be allowed 10 per cent. on that capital but the bank will pay only on the 5 per cent. which it receives.

THE HONOURABLE MR. HOSSAIN IMAM: So it will be double excess profits tax.

THE HONOURABLE MR. J. F. SHEEHY: No.

THE HONOURABLE MR. HOSSAIN IMAM: The same profits and there will be no relief to the banks.

THE HONOURABLE MR. J. F. SHEEHY: We lose on it. We give the industrialist 10 per cent. and we only tax 5 per cent. in the hands of the bank.

THE HONOURABLE THE PRESIDENT: These questions ought to have been asked at the second reading.

THE HONOURABLE MR. HOSSAIN IMAM: I had expected that these questions will be cleared up in the Finance Member's speech.

Another point on which I wish to put in a few words is about the justification of giving double excess profits tax relief. Our action has been strengthened by the statement made by the Finance Member today. If it was possible for His Majesty's Government alone to tax profits arising in India, there is nothing ethically wrong in India alone taxing profits accruing in its own country and His Majesty's Government allowing that part of the tax to go scot-free as we did in 1919. It would have been a sort of giving proof of the partnership if they had made a return for what we did in 1919 in the year 1940. Once we allowed their nationals to pay all the excess profits to His Majesty's Government and is it too much for us to demand that in return for that we alone should tax.

THE HONOURABLE THE PRESIDENT: This is all merely academic because this House has no power to supersede an Act of Parliament.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, this is not an Act of Parliament, but it is the rules and agreements made thereunder, because under this Bill of ours, we empower our Government to enter into agreements. The agreement is not incorporated in the Bill itself. Similarly, the Parliament has empowered the Executive to make reciprocal arrangements with the countries which are prepared to give concessions, and Parliament is not so unreasonable as to tie the hands of its own Executive and leave them no latitude for beneficent action—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : May I ask you, Sir, what Parliamentary statute you had in mind ?

THE HONOURABLE THE PRESIDENT : The Income-tax Act in England.

THE HONOURABLE MR. HOSSAIN IMAM : The excess profits tax is a new one and as I believe that Englishmen are very adept in passing laws, they would not in any way hamper or tie down their Government in coming to a right settlement, especially in the present day when the policy of all Parliaments is to give greater power to the executive to meet the autocratic action of the dictators. It may be said in answer that our executive too should be armed with more extensive powers than was the practice in the past. Sir, even if we do not get relief for this year, that is no bar to the Government continuing this talk with His Majesty's Government and asking for a relief in the next period ; because during this financial year which is to commence on the 1st April, 1940 we will not be collecting a very big amount of excess profits duty. Consider that if the agreement is on those lines and since in England taxation is from the 1st of April and we are imposing taxation only from the 1st of September, if you give relief on the higher of the two taxes then we will get practically no share out of the excess profits duty, because there it will be for a complete year whereas we will only have it for four months only. That aspect should be taken into consideration. When this Bill automatically comes into effect on the 1st April, 1941, when we have a complete year's income subject to excess profits duty, it will then come to quite a big sum.

THE HONOURABLE THE PRESIDENT : Won't you be glad if it comes to a big sum ?

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I do not want that big sum to go to His Majesty's Government.

THE HONOURABLE THE PRESIDENT : You will have no further taxation.

THE HONOURABLE MR. HOSSAIN IMAM : It is doubtful. This is one aspect on which I wish to say something. People do not understand the provisions of section 4 completely. Many people even in this House were under the belief that this Bill will automatically come before us for consideration before the 31st March, 1941. That erroneous conclusion has been cleared up by Mr. Sheehy.

THE HONOURABLE THE PRESIDENT : It is not fair to the Honourable Finance Member that you should raise all these points when he is not here.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I had raised this point in my speech yesterday, and he did not refer to it. It was in reply to one of my questions that Mr. Sheehy is reported to have said "that it will have to come up in the Finance Act, 1941".

THE HONOURABLE MR. P. N. SAPRU : On a point of order, Sir. This is the third reading ; did the Honourable Member put in any amendment ?

THE HONOURABLE THE PRESIDENT : These remarks ought to have been made by him at the earlier stage of the debate. He is not entitled.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I am not going to press this point. I simply wish to ask the Government to keep this matter in view and try their best to get an agreement more favourable to India than the agreement they have at this stage with His Majesty's Government.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadan) : There is I think great misunderstanding about my remarks. (*Several Honourable Members :* "Not in the least.") It is thought that I was opposing it. What I said was, give Industry one or two years during which many of the concerns which have not been able to write down depreciation much less pay interest might be able to recover themselves. Otherwise what will happen to them in a lean time ? We had in Bombay 86 mills after the last war. After 1922 to 1939 24 mills have gone into liquidation and 60,000 people were thrown on to the street for whom those people who are now criticising our request have done nothing to aid them. Not only that, Sir, you will know that yesterday the market had gone down on account of the rumour that Japan is not going to buy our cotton. I only wish to say that we want breathing time.

THE HONOURABLE THE PRESIDENT : If this is meant as your personal explanation I would point out that you ought to have got up there and then to ask permission of the Chair to make this explanation. It does not arise on the third reading of the Bill.

The Question is :

"That the Bill, as passed by the Legislative Assembly and as amended by the Council of State, be passed."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : The Council will now adjourn till 11 A.M. on Saturday, the 30th March, 1940. I may point out to Honourable Members that that will be the last day when the Leader of the House will be present and Honourable Members will be permitted to pay tribute to his work in this Council during the last five years.

The Council then adjourned till Eleven of the Clock on Saturday, 30th March, 1940.

COUNCIL OF STATE.

Saturday, 30th March, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of excise duty on sugar other than Khandsari or palmyra sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the rate of the excise and customs duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, and the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, which was passed by the Legislative Assembly at its meeting held on the 29th March, 1940.

FAREWELL SPEECHES IN CONNECTION WITH THE RETIREMENT OF KUNWAR SIR JAGDISH PRASAD.

THE HONOURABLE THE PRESIDENT : Honourable Members must have noticed that there is no other work for us today except to bid farewell to our distinguished Leader of the House and I trust many of you will co-operate with me in that connection. As the Leader of the House has got a very urgent appointment after 12, I would request you all to finish your work before that hour.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to give expression to the feelings of affection and esteem that we have for our popular Leader, the Honourable Kunwar Sir Jagdish Prasad. His qualities of head and heart have endeared him to all of us. He has always been polite, obliging and accommodating. During the last five years that he has been Leader of our House he has never got excited or ever lost his temper. He has been kind enough to take our Party into confidence and thus he has given us no chance of any complaint. We all feel sorry on his leaving us on his retirement, but we all wish him peace of mind, sound health, long life and bliss. I hope even in his retired life he will continue to take interest in this House and benefit us by his wise counsel. I need not dwell long, but I must say that in him we had a model Leader and we all wish him an increasingly useful life.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) : Mr. President, I am thankful to you, Sir, for allowing me this opportunity to say a few words in order to express my feelings on a solemn occasion like this. It is really not for me, Sir, rather a junior Member of this august House of Elders, to arrogate to myself the position of one who

[Rai Bahadur Sri Narain Mahtha.]

is entitled to estimate the work of a man like Sir Jagdish Prasad who has a long and brilliant record of service as a civilian and as a non-official who has held high positions in the hierarchy of the Government of India. But, Sir, I can say one thing and that is this, that he is a patriot and that I have seldom come across anyone who in addition to his high qualities also possesses such winning and conquering manners and who can inspire confidence and can disarm the opposition of those who may not see eye to eye with him on many points. He is in harmony with himself and in harmony with the world around him. I wish him, Sir, a long, peaceful and useful life and hope that he will now devote his abilities and energies to the service of this country as a public man with the same zest with which he devoted himself to his work in the high positions that he has held. He does, Sir, amply deserve the rest that his retirement will bring him; but, I am reminded of the words of a great Indian, I mean, Sir, the late Sir Pheroze Sethna, who used to say, "If I rest, I rust", and I hope that he will continue to give his best to the service of his country as much as he can. We all hope and wish, Sir, that he will some day be the Governor of some province (Hear, hear), an eminence which he richly deserves and a height from which he will be able to shed his best lustre on those around him and those whose destinies will be in his charge.

THE HONOURABLE LIEUTENANT-COLONEL SIR HISSAMUDDIN BAHADUR (Nominated Non-Official): Mr. President, Sir, I rise to associate myself wholeheartedly with the glowing and richly merited tribute which has been paid this morning to the Honourable Sir Jagdish Prasad by the preceding speakers. I have had the honour of being a Member of this Honourable House for the last four years. During this period I have learnt to admire the ability, the masterly skill and perfect good humour with which Sir Jagdish has piloted the ship of this House through shoals and rocks into safe harbour. His unaffected smile is deliciously disarming, no sort of provocation has ever ruffled his courteous, tranquil and dignified behaviour. Sitting in this House we have always felt an undercurrent of satisfaction and belief that however tangled the problem, however animated and hectic the debate our Leader's soothing influence would act as a tonic and as a restorative.

Sir, the moment has arrived for official parting. Sir Jagdish is fortunate in bringing to an end his term of high office with resounding success and he will carry away our united good wishes for a well earned rest and a happy future. I hope and trust that some day he will return to public life and occupy on that stage a position worthy of his outstanding ability and statesmanship.

*THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay: Non-Muhammadan): Mr. President, I crave the privilege to add my humble tribute to the many eloquent expressions of appreciation which have been made today in bidding farewell to our distinguished colleague, the Honourable Sir Jagdish Prasad who has been associated with us as the Leader of the House for the last five years. His great personal qualities have earned for him a reputation for kindness, courtesy and consideration, which we shall always cherish with grateful memories. He has, indeed, a proud record of many achievements in many fields. Very dear to him was the cause of our suffering Indians abroad. During his time he had many difficult situations to face. I have no doubt that our countrymen settled in Zanzibar, Burma, Ceylon, South Africa and other parts of the Empire will testify to the combined tact

* Not corrected by the Honourable Member.

and firmness with which he handled the delicate problems and tried to make the influence of the Government of India felt in their behalf. In the field of agricultural research, vast developments have taken place under his direction. It was also during his term that the Central Advisory Board of Health came into existence and succeeded in tackling some important national health questions. To him, Sir, as it is to us, it must be a source of keen satisfaction and pleasure that in administering the big nation-building departments in his charge he has been able to promote national well-being to this great extent within the short period of his stewardship.

It was his great good fortune that he had in His Excellency Lord Linlithgow a Viceroy to whom these very nation-building activities, agriculture, public health, education, etc., made a strong appeal and to whose zeal, sympathy and initiative so much of their success is due. In Sir Jagdish Prasad His Excellency had an able and experienced lieutenant who was imbued with the same high ideals of public service and who had the same enthusiasm with these nation-building causes.

We in the Council of State will particularly feel his absence, for he was a valued friend and colleague ever ready to assist us with his help and sympathy. I hope and pray that he will have many more years of useful service to the country and that in the larger field of public work to which he now goes, he will have to his credit even greater achievements. I heartily join in wishing him all God-speed in the future which awaits him.

*THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras: Muhammadan): Sir, it is with mixed feelings that I join in the tribute which is being paid to the admirable manner in which the Honourable Sir Jagdish Prasad discharged his onerous duties that devolved upon him during the five years that he has been in this Council. Sir, while on the one hand I am glad to seize the opportunity to give expression to our appreciation of the excellent way in which he conducted himself as the Leader of this House during these five years, I am at the same time bitter at the prospect of parting from one who has been associated with us in this House for full five years. Sir, as was observed by my Honourable friend who has just resumed his seat, the Honourable Mr. Shantidas Askuran, Sir Jagdish Prasad was a very helpful and valuable lieutenant to His Excellency the Viceroy. Both the prosperity and honour of India depended to a great extent on the way in which the Honourable Sir Jagdish Prasad discharged his duties as Member in charge of Indians overseas and of nation-building subjects.

Sir, the problems of Indians overseas more often than not have been beset with difficulties and those of us who had the privilege of working with Sir Jagdish Prasad in the Emigration Committee could not help appreciating the admirable and excellent way in which he handled all those delicate problems. Sir, we can very well testify not only to the great statesmanship and skill which Sir Jagdish Prasad evinced in tackling those delicate problems but also to the genuine sympathy and anxious solicitude that he always evinced for the welfare of our nationals abroad. As has already been observed, Sir, his period of office was also marked by great activity in the department of agriculture and public health.

Sir, it is unnecessary for me to dilate upon the great qualities of head and heart which he evinced as the Leader of this Honourable House. More than anything, one quality which does deserve mention is the invariable

* Not corrected by the Honourable Member.

[Saiyed Mohamed Padshah Sahib Bahadur.]

courtesy which he always evinced towards every section of this House and the tranquil equanimity which he was always capable of maintaining even in the most trying hours in this House. There were several occasions when, while storms raged on the floor of this House, in spite of that Sir Jagdish Prasad kept calm and unruffled. Sir, his genial disposition and his transparent frankness have endeared Sir Jagdish Prasad to everyone here and I hope I am echoing the feelings of everyone present here when I say that we shall miss Sir Jagdish Prasad very bitterly in this House but, at the same time, I hope, Sir, that he will bear in mind the happy memories of his association with this House for the five years he has been with us, and I can assure him that we will always give him a privileged corner in our hearts.

One or two of our Honourable friends expressed the hope that Sir Jagdish Prasad might one day obtain a Governorship. I shall be very glad if he does get that office which he richly deserves. But, at the same time, I wish that before attaining to that height of glory or after, Sir Jagdish Prasad would not allow his great experience to waste away but join the ranks of us non-officials and work for the benefit of the country.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official) : Sir, it would take a very long time to recount all the achievements of Sir Jagdish Prasad. He came to us with a high reputation and he fully maintained it here. Sir, my experience of this House extends over ten years and I may say that there was no other Leader of the House who took the House into his confidence as Sir Jagdish has done. He lightened your labours also by consulting the Leaders of Parties as regards dates, hours of sitting, and so on. That not only added greatly to the calm atmosphere of the House but also considerably facilitated the work of the House. I am sure he is not going to rest content with his past achievements. Surely he will do something which will carry him on to greater heights in future.

With these words, Sir, I have much pleasure in wishing him long life and prosperity and success in every walk of life.

THE HONOURABLE MR. J. H. S. RICHARDSON (Bengal Chamber of Commerce) : Sir, I regret that my colleague, the Honourable Mr. Parker, is unavoidably absent from today's proceedings, as, were he here, I feel that his long association with this House and with the Honourable Leader would perhaps enable him to express our sentiments more effectively than my short experience enables me to do. However, speaking for both of us, I wish to say how fully we associate ourselves with all that other Honourable Members have said in expressing their appreciation of all that Sir Jagdish has done during his tenure of office. The other day I happened to be reading the proceedings of this Council which took place on the presentation of the Mace. On that occasion, the Honourable Leader used these words when concluding his remarks. He said :—

" May the Legislatures in India grow from strength to strength drawing within their fold all that is best and wisest among the peoples who inhabit this ancient land, and may today's symbolic ceremony strengthen us in our determination to oppose that ideal of the State which makes force the arbiter of our destiny ".

Sir, these words seem to me most aptly to reveal the spirit of our Leader and I join with regret in saying farewell and offer him our sincere good wishes.

*THE HONOURABLE RAI BAHADUR SATYENDRA KUMAR DAS (Nominated Non-Official) : Sir, as one hailing from Bengal, I consider it a

*Not corrected by the Honourable Member.

proud privilege to pay my highest tribute to the Honourable Sir Jagdish Prasad, not only for his highest qualities of head and heart but also for the exceptionally courteous manner in which he treated all with whom he came in contact. I wish him the Governorship of a province in the future. We not only wish, but we pray incessantly to God for this. Tennyson has said that wonderful things can be wrought by prayers than the world dreams of. We wish that our prayers materialise in the office of a Governorship for Sir Jagdish Prasad in the very near future.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-Official) : Sir, it is but natural that on a farewell occasion like this, certain feelings and sentiments should find expression in this Council. But the feelings and sentiments that find expression today, I venture to think, are not a mere expression of a cultivated sense of form but have a deeper origin in our judgment and emotions and have a full and ample justification in the circumstances of the case. We feel very sorry at the thought that Sir Jagdish, who has been with us for the last five years, will no longer be in our midst. During the five years that he has guided the deliberations of this Council he has enjoyed the confidence, esteem and affection of every section of this Council. The explanation of this striking achievement is not very difficult to find. Even the most casual observer would have noticed his rare courtesy of manner. His speeches have always been marked by felicity of phrase, moderation of tone, cogency of argument and, above all, by the entire absence of anything which was likely to wound or to irritate. With these qualities of manner and speech he combined a very welcome disposition to appreciate, reconcile and accommodate points of view different from the official point of view. It is not surprising, therefore, that he achieved a position of unusual popularity and influence in this Council which is always appreciative of good qualities. The position of an Indian Executive Councillor in a semi-popular assembly is not a very easy one. But I think every one in this Council will agree that Sir Jagdish has maintained his position not only with dignity and credit to himself but with dignity and credit to the Council as well.

As one belonging to a somewhat despised group of Members in this Council, whose constitutional position would seem to place it between the devil and the deep sea—

THE HONOURABLE MR. HOSSAIN IMAM : Who is the devil ?

THE HONOURABLE SIR RAMUNNI MENON : I have not studied the title deeds relating to these regions sufficiently well to make a pronouncement on that matter. As one belonging to that despised class, I would like to express my very warm appreciation of the very liberal spirit that has characterised the relations between our Leader and his immediate followers. I may assert, and I am sure every one of us can assert, that we have all been enjoying Dominion Status of the Westminster variety, with the natural result that every one of us ran to the support of the Leader whenever the occasion demanded. I join with other Honourable Members in wishing Sir Jagdish a very long life of prosperity and of useful service to his country. I hope he will carry away with him pleasant memories of his work in this Council.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I rise to associate myself with the previous speakers in paying my tribute to the Honourable Kunwar Sir Jagdish Prasad. It has been his to watch that bounteous hand of nature does not fail or falter and India enjoys health and

[Sardar Buta Singh.]

our production of food continues to increase. It was in the fitness of things that he was given the portfolio of Health and Lands for only those who are directly concerned know the problems of land and can work for their solution. Sir Jagdish Prasad comes from a class—the landlord class—whose position and prestige is under liquidation. It is this class that in the past gave security and stability to the country and in future can save India from desolation and disaster. We feel proud that we have men of the calibre of Sir Jagdish Prasad who has won distinction in positions of responsibility and trust. He played an important part in making Dyarchy a success in the United Provinces. He has been an ornament of the Indian Civil Service. He came to the Government of India rich in knowledge and experience. We know nothing of his activities behind the official secrets veil which is never lifted. I am however sure he could have never failed to advance our best national interests and to strengthen the links that bind India and England. It is in the realisation of a greater unity between the two that the paths of progress can be secured. Sir Jagdish Prasad's unfailing courtesy, his personal charm, his eloquence and, above all, his sincerity, have created an atmosphere of friendliness in this House which can be felt but cannot be described. We shall miss him. Our consolation is that when Sir Jagdish Prasad lays down the reins of his office he will devote his energies to organising the classes all over India, unite and vitalise them, to secure a balanced representation of classes as well as masses in the Provincial and Central Assemblies.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, I have known the Honourable Kunwar Sir Jagdish Prasad not merely as Leader of this House but in many other capacities. I made his acquaintance for the first time in the year 1921. He did not then look on the failings of politicians with the indulgent eye which he turns on their faults now. Perhaps he was tempted occasionally to regard them as an unnecessary evil. But he was then a member of the Indian Civil Service. Perhaps no other explanation is needed to enable us to understand his point of view at that time. He had to support the traditions of a service which thought that the last word in wisdom lay with Government and that its critics were the embodiment of irresponsibility. But my Honourable friend, even when disagreeing heartily with the politicians, always thought it his duty to keep in touch with public opinion. I remember no occasion when, whatever his own opinions might have been, he did not assiduously try to know the temper of the people and to understand the atmosphere in the country. The advantage of maintaining this attitude became manifest when he became Chief Secretary to the Government of the United Provinces. We then saw what an advantage it was to the province to have a Chief Secretary who had made it his business all through his official life to understand the popular point of view even when disagreeing with it. This quality developed more fully when after resigning from the Indian Civil Service he became a Member of the Executive Council of the Governor of the United Provinces. As the Home Member of the United Provinces Government he won the admiration of all Parties in the House. The ability and breadth of view which he brought to bear on his task made it difficult for many Members, as they themselves put it to me, to recognise in him the same person with whom they had crossed swords a few years earlier in the United Provinces Legislative Council. We see a further manifestation of the same quality and continuance of that

growth in his work as Leader of this House. During the time that it has been my good fortune to work with him as a Member of this House I have learnt not merely to respect him, for I always respected him for his independence of opinion and his individuality, but also to appreciate the broad national outlook which he brought to bear upon his duties as a Member of the Viceroy's Executive Council. I remember no occasion, Sir, when even though disagreeing with him we did not feel that the advice tendered by him was the result of honest and of prolonged thought. We all felt that we could always rely on his word. We found in him a man of character and could therefore be absolutely certain that in guiding the House he would not give expression to views which were not honest. Apart from this, Sir, we are grateful to him for the indulgence which he has extended to us in respect of the expression of our views. I remember many occasions on which he could have used his power to prevent the discussion of many an important topic, but he never took advantage of his position to prevent the discussion of topics on which we were bound to express views widely different from those of Government. Indeed, I remember two occasions when with the fairness characteristic of him he helped us to give expression to our point of view so that it might not be thought that the Government whom he represented wanted to use this House for the expression of one kind of views only. Those who have been members of the Emigration Committee and have therefore come to know him more closely than the other Members will further testify to his broad and national outlook. The tradition of the Emigration Department during the last 20 years has been one of co-operation between Government and the representatives of the people, but I am on solid ground when I say that my Honourable friend has carried that co-operation a stage further and taken us still more into his confidence than his predecessors did. Sir, when I look back on our association with him during the last three years I find nothing that I regret and I find everything which I have reason to remember with pleasure. I wish him the best of luck in his retirement. I know that peaceful retirement would not suit a person of his temperament and I am sure that everyone here will be genuinely glad if circumstances enable him to place his valuable knowledge and experience at the disposal of the country.

*THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Mr. President, as one who comes from the United Provinces you will perhaps allow me to say a few words about our retiring Leader of the House, Kunwar Sir Jagdish Prasad. Sir Jagdish Prasad came to the Government of India with a reputation behind him in the United Provinces. He was the first Indian Chief Secretary of the United Provinces Government ; he was the Home Member ; and in both capacities he had distinguished himself greatly. He has during the five years that he has been here not only maintained but considerably enhanced the reputation with which he came to this Council. He has worked hard and he has worked patriotically for the furtherance of Indian interests, not only the interests of Indians abroad, but Indian interests, and presided over the Department of Indians Overseas with distinction. Times have been difficult. He has had to deal with problems which tax the resources of statesmanship, but he has, if I may be allowed to say so, always risen equal to the occasion. He has worked earnestly, he has worked sincerely, he has worked patriotically, with no axe of his own to grind, for a solution of present-day Indian problems and he has come to be respected for his very tolerant, patriotic, approach by all those who do not agree with him. He succeeded as Leader of this House a remarkable man, a parliamentarian of

* Not corrected by the Honourable Member.

[Mr. P. N. Saprū.]

rare distinction and a Leader of tact and wisdom, and worthily has he maintained the tradition he inherited. His courtesy, his genial temperament, his generous hospitality, his kindness, have endeared him to us and we part with him with regret. Now, Sir, that he is a free man, may I express the hope that he will enrich the public life of this country by actively joining it? Sir, I do not wish him a retired life. Retirement is not for him. I wish him an active life, a life of greater usefulness as a free man in the service of his country and his India. Sir, we have great expectations of Sir Jagdish Prasad now that he is a free man. I am rather glad in a way that he is a free man and we hope that he will enrich the public life of our province and of our country by joining it and leading it actively.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to associate myself with the well-merited and amply deserved tributes that have been paid to the Leader of the House. He came with a meritorious character in a brilliant service. It seemed that destiny had selected him for his high post which he occupied. If the Honourable Mr. Kunzru's diagnosis is to be believed he has gradually drifted from the extreme right to the centre mentally and I have also drifted from the extreme left to the left centre physically. Sir, the manner in which he carried on the work of leadership of this House was not only most satisfactory and very well done, but he also tried always to accommodate even those irreconcilable and irresponsible people, the oppositionists. I shall gratefully remember the many occasions when he accommodated us and was courteous and gave every possible facility for our work. Sir, I wish him a happy life and a brilliant future as a public man.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways) : I should first like to apologise to you, Sir, and to the Honourable the Leader for being slightly late in reaching here on this great occasion, but I can assure you that my lateness was quite unavoidable. I believe, at least so far as the official Members of this House are concerned, that I am the father and that is the reason that I have the honour of adding my little quota to what has been said by other Honourable Members. It seldom falls to a Member sitting on this side of the House to give unqualified support to everything that has been said by the other section of the House. That is my privilege today and I do it gladly. That this is possible just goes to show that whatever our opinions may be in other matters—very divided opinions we have sometimes when we are up against a problem—in a matter such as our respect and admiration for our Leader we are undivided. It has been said that the House of Commons is the best club in London. I think we can justly claim that the Council of State is the best club in India. (Applause.) Often Members on these benches have been hard put to it to reply to subtle supplementary questions put by, say my Honourable friend Pandit Kunzru or my Honourable friend Mr. Hossain Imam. Heat may have been engendered, but when we met in the lobby we met as friends and all the heat is forgotten. Can there be any better proof of the *camaraderie* that exists in this House? And to this spirit of friendliness no one has made a greater contribution than the Honourable the Leader of the House, Sir Jagdish Prasad. (Applause.) I would like to express on behalf of the Government Members the real regret we feel that he is leaving us. If I had to sum him up in two words, I would say that he is a

* Not corrected by the Honourable Member.

“great gentleman” and leave it at that. We shall all look back with great pleasure on our relations with him and always remember the inspiring lead he has given us and the example he has set us. We wish him peace in retirement but not an inactive life.

*THE HONOURABLE MR. ABDUL RAZAK HAJEE ABDUL SATTAR (West Bengal : Muhammadan) : Sir, I rise to associate myself with the tribute which is being paid to the Honourable Sir Jagdish Prasad. Sir Jagdish is one of the most popular Members of this House, even though an Official Member. He has qualities of head and heart and has always shown great skill and ability in discharging his duties as Leader of this House. During the five years that he has been with us in this House he has by his great skill and tact earned the admiration of all of us here and has also by his courtesy and kindness won for himself a privileged corner in our hearts. I in my personal capacity will be always grateful to him for the kindness and obligation he has done to me in my Cutchi Memon Law Bill. He did me a great favour in that respect and I cannot sit down without expressing my feelings of gratitude. I pray that the Honourable Sir Jagdish Prasad may enjoy long life and happiness and prosperity, and I hope after he goes from us he will continue to do great public and national work.

*THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : Sir, after the high and deserving tribute paid to the Leader of the House from all sides of the House it is unnecessary for me to add more, but I should personally state what I feel in the matter, that I think the whole case has been admirably summed up by the Honourable Sir Guthrie Russell when he said that the Leader was a great gentleman. That sums up all his qualities of head and heart and we all appreciated that very much during the period he was our Leader. I beg to associate myself with all that has been said about him.

†THE HONOURABLE CHAUDHRI ATAULLAH KHAN TARAR (East and West Punjab : Muhammadan) : Sir, firstly, I feel much pleasure and pride in the fact that Kunwar Sir Jagdish Prasad who has been spoken of so highly by the Honourable Members of the House belongs to my zemindar community. Sir Jagdish in his long service has proved how ably the zemindars can hold even the highest Government offices. Secondly, it is a common practice with the people to shower praises as a matter of routine on officials who either retire from service or are transferred. But in the present case in my opinion whatever has already been said about Sir Jagdish by either the official or non-official Members represents the feelings coming out from the depths of their hearts, and is quite unlike the usual customary farewell speeches. They are in fact based on realities. The present and future Government officials should try to follow in the footsteps of Sir Jagdish and take a lesson from his great example. Thirdly, Sir Jagdish won the confidence of the Opposition and other Parties on account of his statesmanship, ability and charming manners which has never before been won by any other Leader, at least to my knowledge.

As there is very little time at my disposal and the Honourable the President and Honourable the Leader of the House have yet to speak I take my seat with the prayer that the Almighty God may grant Kunwar Sir Jagdish Prasad many happy and healthful years to serve the Government and the country.

THE HONOURABLE THE PRESIDENT : Honourable Members, on an occasion like this we must all feel very sad to part not only with a friend but

*Not corrected by the Honourable Member.

†Translation of speech delivered in Urdu.

[Mr. President.]

with a Leader of the House who has rendered conspicuous services to this Council for a period of five years. Yesterday evening at another place, I had an opportunity of expressing my sentiments and my feelings and I presume the feelings of all of you in parting from a consummate Leader of great ability and tact like Sir Jagdish Prasad. It is needless for me to dilate on his official life in the United Provinces. I will refer to it only so far as to mention that he came up to this Council with a rare official equipment and culture behind him. After serving with great distinction in the United Provinces in many capacities as Education Member, as Reforms Commissioner, and as Chief Secretary, he retired before his time in that province in order to render public service by accepting the appointment of Home Member there when the Montagu-Chelmsford reforms came into operation. He did wonderful work during that period and I have had the pleasure of hearing from his Governor at the time what valuable work he did in that province, how greatly he was respected, and with what friendly feelings they cherish his memory in that province.

Coming to this high and exalted office with that equipment, we all expected that he would serve his stewardship here with the same masterly ability as his predecessor, who was very well known in this Council and who was regarded as one of the most able and diplomatic leaders of the House. I associate myself with all of you in the high compliments which you have paid him today. He thoroughly deserves them. He leaves us with a record of wonderful service and especially his services in connection with the overseas people will be remembered with gratitude by all of you. There is not a subject in connection with the overseas question with which he is not intimately acquainted and the people in those parts of the world will also be very sorry when they hear that a gentleman who took such genuine and sympathetic interest in their welfare had to leave the Government of India only because his term of office had expired.

I do not wish to detain you because I must give the Honourable the Leader of the House sufficient time to reply and I shall therefore only wind up by expressing my feelings, in which I know you all join, and wishing him the best of health and happiness in his retirement. We hope some day when he finds time and when his health is thoroughly restored that, as many of you have expressed, he will render further services to India in other capacities. Sir, on behalf of myself and on behalf of this Council, I bid you a respectful and affectionate farewell.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): I am beholden to you, Mr. President, and to Honourable Members that our leave taking should be couched in such graceful terms. During the five years that I have been in this House I have received nothing but kindness and consideration from all Parties, for which I am profoundly grateful.

I should like, Mr. President, to wander away from the personal theme and to consider for a moment things of graver hue and aspect. It has struck many impartial observers that not a few of us in India seem to think and act as if the world were at profound peace. We almost give the appearance of forgetting that one of the most momentous wars in history is being waged and that we in this country will be profoundly affected by it. I wish there were a more correct appreciation of values. We would then concentrate more on a united effort to defeat a philosophy of government which we detest rather than propounding a system of government which may throw us back centuries. It is tragic to see how at this grave moment constitutional issues are generating heat and passion that threaten to disrupt India and which, if allowed to grow in intensity, may lead to a state of things akin to

civil war in the not distant future. Are all the struggles and sacrifices of the past, all the dreams of political emancipation, to end in the wilderness of internecine discords? Is the spectacle of Europe to be repeated in India? Do we realise sufficiently how easy it is to foment communal and racial hatreds, and what weary years it takes to restore friendly feeling and good neighbourliness? I think it is about time that we took a more realistic view of things. The war may be distant from us today, but who can predict with certainty in which direction it will spread? Past experience proves that as war proceeds there are periods of alarm and uneasiness. We shall have to go through them in this country. It is, therefore, all the more incumbent on us to do everything possible to maintain a calm atmosphere. There is enough of violence in this country. Let us not by word or deed encourage this spirit. We have had bitter experience of it in the past and have seen its brutal consequences recently in some parts of the country. Let us not get into the mood that a peaceful solution of our difficulties is now out of the question, that events must take their course, that things must get worse before they can get better. Let us do all we can not to allow things to get worse. Let us help those in whose hands the supreme decision rests to find a peaceful solution, and in this task Honourable Members can play a valuable part. At the same time let us not forget the tension under which people in England are working, the strain on their nerves, their concentration on the war and its problems, and let us not omit to take note that the highest placed Englishmen and women in this country who are carrying on their daily work with such composure have nevertheless a haunting anxiety for the safety of those nearest and dearest to them who are braving the hazards of war on land, at sea or in the air. In the discussion of political questions these psychological factors must be given due weight, otherwise there will be no possibility of mutual understanding. The man facing a crisis will apply his own standards to distinguish between friend and foe, and as the struggle deepens, mere expressions of sympathy with certain ideals, without concrete help, will only increase distrust and misunderstanding, and are likely to lead to consequences gravely detrimental to the future interests of large sections of the people of this country. A false step now would indeed be a calamity. I should like to utter one more word of caution. It would, I believe, be dangerous to assume that because the present machinery of Government is working with unexpected smoothness it will continue to do so for a prolonged period. I think I am not far wrong in my conjecture that the reason for this apparent calm is that there is still hope among large sections of thinking men and women that the deadlock will be resolved before long. Once that hope vanishes it is far from likely that people will be prepared willingly to accommodate themselves to a form of government over a considerable part of the country which takes them back 50 years at least. I will not dwell further on this gloomy prospect because I cannot bring myself to believe that all our love of country, our great intellectual gifts are to end in frustration. I am still not without hope that with patience and goodwill we may yet get the machinery of constitutional government going once again, so that we can devote all our energies to fighting our external enemies rather than to preparations for internal commotion. I earnestly trust that Honourable Members and others of good purpose and intention may meet with greater success in this patriotic task of reconciliation and assured progress than has fallen to the lot of some of us who have tried and failed. And it is with that abiding hope that I bid you, Mr. President, and my Honourable friends farewell. (Loud Applause.)

The Council then adjourned till Eleven of the Clock on Tuesday, the 2nd April, 1940.

COUNCIL OF STATE.

Tuesday, 2nd April, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBERS SWORN :

The Honourable Sir Reginald Maitland Maxwell (Home Member).

The Honourable Mr. John Dawson Tyson (Education, Health and Lands Secretary).

QUESTIONS AND ANSWERS.

RELAXATION OF THE BAN ON EMIGRATION OF LABOUR TO CEYLON.

64. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Will Government state whether representations have been made to them either directly or through the India Office either by the Government of Ceylon or the Planters' Association for relaxing the restrictions on the emigration of labour to Ceylon to enable the labourers detained in this country on account of the restrictions to rejoin their families which are in Ceylon ?

(b) What is the total number of such labourers ?

(c) Do Government propose to relax the ban on emigration for permitting such labourers to go to Ceylon ? If so, on what grounds ? Are they aware of the strong resentment which such action will create throughout the country ?

(d) Have Government arrived at an agreement with the Ceylon Government that if the labourers referred to above are allowed to go from India to Ceylon, the labourers in Ceylon whose families are in India will return to this country, or the Ceylon Government will revise their anti-Indian policy ?

THE HONOURABLE MR. J. D. TYSON : (a) Yes.

(b) From the 1st August, 1939 to the 10th February, 1940, the Commissioner of Labour, Madras, received 4,166 applications for exemptions. It is not possible to say how many of the total applications fall within the category referred to by the Honourable Member in part (a).

(c) No general relaxation in favour of such labourers is contemplated ; but the Commissioner of Labour, Madras, has discretion to grant exemption in hard cases.

(d) No.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Can not the Honourable Member give us any idea at all as regards the number of men who will benefit under the relaxation of restrictions ?

THE HONOURABLE MR. J. D. TYSON : From the 1st of August, 1939 to the 10th February, 1940, 1,289 exemptions have been given.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : How is it that these exemptions have been granted without coming to reciprocal arrangements with the Ceylon Government regarding the repatriation of people in similar circumstances from Ceylon ?

THE HONOURABLE MR. J. D. TYSON : I am afraid I must ask for notice of that, Sir.

PROCEDURE FOR SUBMITTING APPLICATIONS FOR EXEMPTIONS FROM THE BAN ON EMIGRATION TO CEYLON.

65. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Are Government aware that exemptions from restrictions on emigration are applied by the Ceylon Emigration Commissioner stationed at Trichinopoly and not by the parties concerned ?

(b) Do Government propose to take steps to discourage this practice ?

THE HONOURABLE MR. J. D. TYSON : (a) Yes.

(b) Government do not consider it necessary to do so as applications are considered on their merits.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is not this method liable to abuse in as much as it makes applications for exemption depend partly on the need that may be felt by the authorities for Indian labourers in Ceylon ?

THE HONOURABLE MR. J. D. TYSON : Well, Sir, we expect the Commissioner of Labour to satisfy himself as to the correctness of the facts. He can correspond with the Agent in Ceylon to check the facts. We do not think there should be abuse.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is there any fear that this may lead to a sort of assisted emigration ?

THE HONOURABLE THE PRESIDENT : That is an argument.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is the reason why it is being criticised.

THE HONOURABLE MR. J. D. TYSON : I do not think it could be on any scale that would be likely to effect the strength of the measures we have taken.

REPATRIATION OF INDIAN DAILY-PAID WORKERS FROM CEYLON.

66. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state—

(a) whether the Government of Ceylon have repatriated all Indian workers with less than five years' service ;

(b) whether the voluntary repatriation scheme affecting those with more than five years' and less than ten years' service has been brought into effect and, if so, the number of persons repatriated so far ; and

(c) whether their attention has been drawn to the speech of Major Kothawala reported in the *Times of Ceylon* of the 9th January in which he is reported to have stated that even the estate labour should be repatriated and that Sinhalese labour should be engaged instead ?

THE HONOURABLE MR. J. D. TYSON : (a) No.

(b) Yes. The number of persons who have returned to India under this scheme is 176.

(c) Yes.

RETALIATORY MEASURES AGAINST CEYLON.

67. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Will Government state what retaliatory measures they propose to take against Ceylon in order to vindicate the self-respect of India ?

THE HONOURABLE MR. J. D. TYSON : The Honourable Member is aware of the ban on emigration. The question whether any further action should be taken is engaging the attention of the Government of India.

INCREASE IN WAGES OF INDIAN LABOURERS ON ESTATES IN CEYLON.

68. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Have Government taken steps to bring about an increase in the standard rates of wages prescribed for Indian estate labourers in Ceylon which are based on family budgets prepared under conditions greatly different from those which now prevail ?

THE HONOURABLE MR. J. D. TYSON : I assume that the Honourable Member has in mind the increased cost of living due to war conditions. If that is correct, the reply is that the possibility of provision of increased wages by additions based upon the increased cost of living that has taken place is now engaging the attention of the authorities in Ceylon.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I did not refer to the war allowance. I merely asked whether any steps had been taken to raise the basic rates, apart from the conditions created by the war ?

THE HONOURABLE MR. J. D. TYSON : No.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But has not that matter been under consideration for a long time ?

THE HONOURABLE MR. J. D. TYSON : I must ask for notice of that.

INCREASE IN WAGES OF INDIAN LABOURERS ON ESTATES IN CEYLON.

69. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Have the prices of rubber, tea and copra risen considerably since the declaration of war ?

(b) Is there a considerable increase in the demand for tea resulting in an increase of the export quotas of the countries concerned ?

(c) Have the wages of Indian labourers on tea estates in Ceylon been raised in view of the rise in the price of tea and the increase in the cost of living?

THE HONOURABLE MR. J. D. TYSON : (a) There has been a substantial increase, though in varying degree, in the prices of these commodities.

(b) Yes.

(c) The attention of the Honourable Member is invited to the reply just given by me to his last question.

WAGES OF INDIAN LABOURERS IN MALAYA.

70. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What was the price of rubber per pound in Malaya in February, 1938 and in February, 1940? What was the international quota for the production of rubber during the same period?

(b) What were the rates of wages of Indian labourers on rubber plantations in February, 1938, and what are the rates now?

THE HONOURABLE MR. J. D. TYSON : (a) The prices and quotas for the periods mentioned were :—February 1938, price 23 1/5 cents, quota 70 per cent. ; February 1940, price 38 cents, quota 80 per cent.

(b) 50 cents for men and 40 cents for women in both cases.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Have any steps been taken to have the wages of the Indian labourers raised?

THE HONOURABLE MR. J. D. TYSON : Wages were raised on the 1st October. They had been reduced after February, 1938 and they were raised again to the same level on the 1st of October, 1939.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What I want to know is whether any effort is being made to go beyond the standard wages which the planters cut down a year or two ago?

THE HONOURABLE MR. J. D. TYSON : The present wage is above the latest gazetted standard rate already.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is not the Honourable Member's answer technical? It is true that the new rates demanded by the Government of India, that is 50 cents for men and 45 cents for women, have not been gazetted, but have not the Government of India insisted that the Government of Malaya should for all practical purposes regard these rates as if they had been gazetted?

THE HONOURABLE MR. J. D. TYSON : I am afraid I cannot answer that, Sir.

WAR ALLOWANCES FOR INDIAN LABOURERS IN MALAYA.

71. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Have the Government of the Federated Malay States sanctioned the payment of war allowances to the labourers employed under any public authority? Was the allowance in January, 1940, \$1.60 per month for labourers whose daily rates of wages were not more than \$1?

(b) If so, have the Government of India taken any steps to secure similar allowances for Indian labourers employed on rubber estates?

THE HONOURABLE MR. J. D. TYSON : (a) The Malayan Governments have sanctioned cost of living allowances at the rate mentioned by the Honourable Member.

(b) The Government of India have approached the Malayan Governments regarding labour conditions generally in Malaya as affected by the outbreak of war.

PROVIDENT FUND ON THE E. I. R.

72. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is it under the existing rules optional for skilled workmen and labourers on the E. I. R. to join the Provident Fund and can they join it whenever they like?

(b) Are railway servants not allowed increases in pay unless they have been confirmed in their posts?

(c) Is there a large number of railway servants holding permanent posts who were confirmed shortly after their appointment and were also given regular increases thereafter but who joined the Provident Fund much later?

(d) When drawing up the co-ordinated scales of pay and adjusting such men in them in the Allahabad Division did the authorities adopt as their date of confirmation the date on which they joined the Provident Fund and not the date on which they were actually confirmed?

(e) Has this action of the authorities been prejudicial to the interests of the men who are now being given salaries according to the new scales of pay instead of the old scales to which they would have been entitled had the adjustment of their salaries been based on the date on which they were confirmed and not on the date on which they joined the Provident Fund?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) Skilled workmen who are not workshop staff and who are governed by the State Railway Provident Fund Rules are eligible to join the Provident Fund on E. I. R. Such subscription is optional only if the employee's pay is less than Rs. 20 per mensem. Labourers who are not employees in workshops are not eligible to join the State Railway Provident Fund. The eligibility of workshop employees to join the State Railway Provident Fund is laid down in rule 6(d) of the State Railway Provident Fund Rules, a copy of which is in the Library of the House. Non-workshop employees governed by the rules of the old E. I. R. Co. have the option of subscribing if their pay is not less than Rs. 15 and is less than Rs. 20, the subscription being compulsory if their pay is Rs. 20 and over. In cases where subscription is optional, the option can be exercised at any time during an employee's service, but once the option is exercised future subscription is compulsory.

(b) This is dependent on the type of posts and whether the staff concerned are governed by the State Railway or the E. I. R. Co. rules. If the Honourable Member will let me know what staff he refers to, I shall endeavour to furnish a reply.

(c) Government have no information as to the actual number, but staff whose subscription to the Provident Fund is optional need not subscribe on confirmation.

(d) No. The date on which they joined the Provident Fund was taken as the date of confirmation only in those cases where there was no previous record of confirmation.

(e) Information has been called for and a reply will be laid on the table of the House in due course.

THE HONOURABLE MR. HOSSAIN IMAM : Does the Railway contribute in all cases to the Provident Fund ?

THE HONOURABLE SIR GUTHRIE RUSSELL : If a man subscribes himself, the Railway give a bonus of a 100 per cent.

REAPPOINTMENT OF SKILLED WORKMEN IN THE ALLAHABAD DIVISION, E. I. R.,
RETRENCHED IN 1935 ON ECONOMICAL GROUNDS.

73. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Was a certain number of permanent skilled workmen on the Allahabad Division of the E. I. R. retrenched on the ground of economy in 1935 and were those very men reappointed a few months later to the very posts which they occupied before ?

(b) Was the break in their service condoned and were they given a lower starting salary and placed on the new scales of pay instead of their original scales of pay ?

(c) Do Government propose to enquire into their cases and to restore their old pay and grades ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) to (c). I have called for information and will lay a reply on the table of the House in due course.

GOVERNMENT OF INDIA PRESS, NEW DELHI.

74. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is there a registered and recognised Union of the Industrial employees of the Government of India Press, New Delhi ?

(b) Have some office bearers of the Union or some of their predecessors been recently superseded or soon will be superseded by their juniors ? Have any adverse remarks been made in their service records regarding their efficiency ?

(c) Are they being victimised for taking or having taken a prominent part in the management of the Union ?

THE HONOURABLE MR. M. S. A. HYDARI : (a) Yes.

(b) and (c). I am having enquiries made.

GOVERNMENT OF INDIA PRESS, NEW DELHI.

75. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is the grade of Rs. 200—10—250 for readers in the Government of India Presses a senior reader's grade according to Resolution No. A-31 of 1920 ?

(b) If so, why has this grade been declared to be a selection grade for the Delhi Press alone ?

THE HONOURABLE MR. M. S. A. HYDARI : (a) No.

(b) Does not arise.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is it not a fact that the Resolution does lay down a grade of Rs. 200—10—250 for readers ?

THE HONOURABLE MR. M. S. A. HYDARI : That is only one of the grades. There are four grades. To the last recruitment is made by an examination. Promotion to the others depends upon selection.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is it a fact that this reader's grade Rs. 200—10—250 has hitherto not been treated as a selection grade and there was a selection grade higher than this ?

THE HONOURABLE MR. M. S. A. HYDARI : That is not a fact, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Have you altered the Resolution of 1920 ?

THE HONOURABLE MR. M. S. A. HYDARI : It is rather a complicated matter. I could explain the position to the Honourable Member outside the House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I will gladly accept the offer.

THE HONOURABLE THE PRESIDENT : Sir Ramaswami Mudaliar, I offer you congratulations on behalf of the Council and myself on your providential escape. (Applause.)

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to make certain provisions relating to service by European British subjects in the armed forces of, or in a civil capacity under, the Crown, which was passed by the Legislative Assembly at its meeting held on the 1st April, 1940.

INDIAN FINANCE BILL.

THE HONOURABLE MR. C. E. JONES (Finance Secretary) : Sir, I move :—

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of excise duty on sugar other than khandsari or palmyra sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the rate of the excise and customs duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, and the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, as passed by the Legislative Assembly, be taken into consideration."

This Bill, Sir, seeks to give legislative sanction to those Budget proposals which need such sanction and which have not been separately provided for as in the case of the excess profits tax, the Bill to impose which has been

[Mr. C. E. Jones.]

considered in, and passed by, this House. The background of these proposals and the reasons for them have, I think, been fully explained in my Budget speech which has formed the subject of a full-dress debate in this House. The only change in the proposals then contemplated and those embodied in the Bill now before the House is the small matter of detail that the enhanced excess duty on sugar will apply only to sugar actually produced on or after the 1st of March, 1940 instead of on sugar which was issued on or after the 1st of March, 1940. The Statement of Objects and Reasons embodies brief notes on the clauses of the Bill. The proposals, as I have said, have already been explained to, and discussed in, this House. I think Honourable Members are fully aware of them and therefore it is hardly necessary for me to say more in moving this Motion.

Sir, I move.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA (Bihar : Non-Muhammadan) : Sir, the atmosphere in which we are discussing the Finance Bill this year is very much different from that which prevailed during several previous years. We have to take into consideration the grim European tragedy that has convulsed the world and shrouded the obscure future in greater obscurity ; and while doing so we have to recognise the impossibility of the task of estimating what we shall have to pay for completely annihilating the enemies of peace and liberty. The cautious way in which the Honourable the Finance Member has framed his Budget leads me to think that the Government shall have enough money to meet the calls of war expenditure during the current year without any further taxation and I hope that Government will see that alongside the maintenance of efficiency utmost economy is exercised in every item of expenditure.

I welcome the change that has been made in the Bill in the other House. By agreeing to exempt sugar produced on or before the 29th day of February, 1940, from the enhanced excise duty, the Honourable the Finance Member has exhibited his sense of justice and fairness and removed one of the manifold hardships which the various taxation measures have imposed on the sugar industry. The sweet reasonableness of which my Honourable friend has given abundant proofs will, I am sure, go a great way in winning for him the confidence of the taxpayers, which is so very essential at an abnormal time such as this.

Sir, I am an agriculturist first and anything else afterwards. I am aware that the burden of the bulk of taxation in this country falls on land ; and I feel that it should be the primary concern of Government to increase the capacity of land to bear the burden of taxation. In my opinion, this can be done by utilising the vast resources of the country for its industrial development and taking adequate steps to find a market for the consumption of Indian goods. I am sorry to say that, so far, Government have failed to do what they should have done in this respect. It is apprehended that the rise in the prices of agricultural commodities is a temporary phase and very soon we shall have a terrible fall. We are already experiencing the results of the fall in jute prices after a temporary rise. The cultivators in jute-producing areas had built great hopes when the prices had shown an upward tendency. But at present they do not know what to do. The most important question before them now is to sell or not to sell, because they do not know the future course of events and the demands of the necessities of their lives are pressing too heavily on them. The cultivators should be told where they stand and every

effort should be made to raise their standard of living. I feel that the industrialisation of this country can go a great way in achieving this object ; and as such in asking for an assurance from the Government to the effect that no further measure of taxation or other measures will be subsequently introduced which will react prejudicially on the industries, during the debate on the Excess Profits Tax Bill, I had primarily the interest of the agriculturists in mind. I agree with the suggestion of Dewan Bahadur C. S. Ratna Sahpathi Mudaliar that Government should organise a vigorous "export drive" and do everything possible towards strengthening the foundation of India's industrial position. As it is, on account of numerous factors, people are very shy in investing their money in Indian industries, with the result that they are not growing as they should. I would like the Government to constantly bear this aspect of the question in mind and by their action create a sense of security in the minds of those who would like to invest more and more money in Indian industries.

Sir, I have already expressed my opinion on the Budget when it was discussed in this House. At present, I do not want to say more than what I have said. The thought uppermost in our minds at this moment is the thought of winning the war. We have no doubt our differences with the British Government but they should in no case be allowed to be exploited by the enemies at this hour of peril. If we were in a position to defend our country independently of other powers, as so few countries are in the present-day world, things would have been different. But we know it too well that our country is safe today from foreign aggression simply because she forms part of a mighty Empire. To my mind, British Imperialism is any day preferable to Naziism or Bolshevism and even if India had been an independent country, the cause for which the British Empire is fighting would have made a greater appeal to her heart than the territorial ambition of the Dictators. We aspire to become a powerful nation. We demand the status of equality and freedom within the British Commonwealth of Nations. But these do not mean that we are anti-British. These, if I may say so, are our domestic affairs and we are sure to settle them. History has recorded many instances of such settlements and we know it for a fact that such settlements can be possible only with the British Government. The triumph of those who have destroyed individual liberty can never help India to attain her goal and it is the paramount duty of India to see that nothing is done to weaken the Empire. The House cannot do better than pass this Bill and thereby send its message to the world at large and to Adolf Hitler in particular to the effect that, in spite of his vile propaganda, India is solidly behind Britain and she will render her every possible help to gain victory in the present life and death struggle.

Sir, I support the Motion before the House.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay : Non-Muhammadan) : Sir, in discussing the Finance Bill as it has emerged from the other House, we are under a certain handicap. It is practically impossible to make any fresh changes in the Bill and we have to be satisfied with offering criticisms of the Government's financial and general policy.

Sir, in dealing with the Bill, I want to make certain general observations. It seems to be the present practice of the Government of India to reveal the truth to us in fragments. First came the Railway Budget with its enhancement of freights and fares. Since we have passed the Railway Budget, I will say no more about it but content myself with drawing the attention of the House to only one feature. Though the Chief Commissioner for Railways announced that the enhancement of freight rates was only 12½ per cent. the

[Mr. Shantidas Askuran.]

raising of the minimum rate from three to four annas means really an increase of 33 per cent. in a number of instances. Then, again, Sir, the excess profits duty, which has been debated at great length, is an imposition against which all classes in India have protested. The Finance Department has not accepted the view of non-official Members that the estimate of Rs. 3 crores as revenue from this source is a gross under-estimate. I would only point out in this connection that though some concessions have been made by the Honourable the Finance Member both in the Select Committee and in the debates in the other House, there has been no alteration in his estimate of receipts. This only confirms our suspicion that the Finance Department expects in reality much more from the excess profits duty than the Honourable the Finance Member has cared to admit in his speeches.

Sir, I do not wish to be misunderstood. We are grateful to the Honourable the Finance Member for his readiness to make concessions both in regard to the excess profits duty and the duty on sugar. It is no small matter that he should have agreed in the latter case to sacrifice Rs. 70 lakhs of revenue by the exemption he granted in respect of sugar manufactured before 29th February of this year. I am sure, Sir, that the country as a whole, and sugar interests in particular, will be extremely grateful to him for this consideration. At the same time, I would like to ask the Honourable the Finance Member, what happens to the necessity for balancing his Budget? On his original proposals, as introduced on 29th February, he would have had a small surplus of about Rs. 5 lakhs. Since then he has made concessions, one of which at least will mean a loss to him of Rs. 70 lakhs. I am referring to this, Sir, only to prove that he has not taken the House fully into his confidence in his original estimates, but sought to justify his new taxation proposals by a gross under-estimate of his revenue.

THE HONOURABLE THE PRESIDENT : All these estimates are liable to constant fluctuations.

THE HONOURABLE MR. SHANTIDAS ASKURAN : Quite right, Sir. He must have calculated properly according to his view. But we on other side and the business community as a whole had estimated at Rs. 10 crores or Rs. 8 crores and one of my friends was under-writing at about 5 crores when the Excess Profits Tax Bill was discussed in the other House after amendment.

Before I deal with some features of the Bill, I must express my appreciation of the Finance Member's decision to invite the advice of the Legislature regarding the financial arrangements which he must make now and hereafter. The proposal to reappoint a Standing Finance Committee to advise the Finance Department on expenditure must be generally welcome, and will go some way to allay the fears which naturally arise in and outside this House regarding new expenditure by the Government of India. In the same manner, I hope, an Estimates Committee functioning on the lines of a similar body in the British Parliament will soon be appointed, so that the Finance Department will get the advice of the representatives of the people in making the Budget Estimates.

THE HONOURABLE MR. HOSSAIN IMAM : Has the Government consented to that?

THE HONOURABLE MR. SHANTIDAS ASKURAN : No, Sir. I am proposing that. They are considering it, so far as I know.

Sir, while I recognise the force of the argument that a great deal of time of the Finance Department's officials will be taken up if they have to serve on, or to appear before, both committees, I would ask the Government to realise this fact : it is absolutely necessary from the very start to take the Legislature as far as possible into confidence in regard to the Government's proposals for new revenue as well as new expenditure.

THE HONOURABLE THE PRESIDENT : The Legislature may not be in session. I presume you mean that the Standing Committee on Finance should be taken into confidence.

THE HONOURABLE MR. SHANTIDAS ASKURAN : Yes, Sir.

Sir, I would like to remind the Honourable the Finance Member that while the excess profits duty came at the end of the last war, the Inchcape Committee on retrenchment also came at that period. On this occasion the Honourable the Finance Member has deemed it necessary to impose the excess profits tax at the beginning of the war. May I not, therefore, plead that he should also have a strict eye on all expenditure, and particularly war expenditure, to avoid even rumours of needless extravagance?

Coming to the details of the Bill, I shall first refer to the additional tax on petrol. The Marketing Department of the Government of India has organised several intensive marketing surveys only some of which have been so far published. I hope the other reports will be available without delay. For the first time we have authoritative information regarding the exact state of affairs in the rural areas so far as the marketing of different commodities produced by the agriculturist is concerned. I shall not take the time of the House by referring to the various defects in our existing marketing organisation thus brought to light, but will confine myself to one important point. All these inquiries have revealed that one of the greatest handicaps to the agriculturist in the realisation of proper returns for his produce is the lack of proper transport facilities. The railways are known to be unsympathetic. They think more in terms of their revenues and less in terms of the larger economic requirements of the country. There are many rural areas which are not at all linked with roads or railways, and there is considerable work to be done in this direction. At the same time, some useful work has been done mostly by private enterprise which has developed bus services in the interior and brought cheap and speedy transport within the reach of the agriculturist, thus enabling him to dispose of his produce in market centres with comparative ease and with the prospect of greater returns. You, Sir, are aware that various Provincial Governments have appointed Industrial Committees in recent times. These committees have been mainly concerned with small and cottage industries the development of which is a provincial subject. These committees have also brought to light the fact that the condition of transport in the rural areas is so unsatisfactory that little progress can be achieved unless transport facilities are encouraged. These authoritative conclusions should, in my opinion, be definite proof of the statement that the development of cheap and speedy transport is one of the most potent instruments of economic progress in the country, particularly in the rural areas. At a time when the Provincial Governments are straining their utmost to embark on schemes of rural development, at a time when the Central Government is also

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showing its sympathy in their own way for the rural population, at such a time it seems most inconsistent for the Finance Member to propose a measure which will definitely undo the good work that is already being done in the interests of rural transport facilities. The wiser course would have been to encourage by all means cheap transport, and thus allow rural conditions to prosper, which in its turn would have enabled the Government to find some means of raising revenue when prosperity has been actually realised, instead of checking prosperity by means of this additional tax on petrol. Sir, the existing tax on petrol is high enough. In the interests of rural progress I should have expected that this tax to be reduced, in normal times. I can appreciate the position that lowering of this tax in the present emergency is out of the question. But even in the present emergency the raising of a tax of this nature is most unsound and cannot be justified either by the principles of taxation or by the conditions of the country.

Regarding sugar, I have already pointed out in another connection that the assumption of the Finance Member that white sugar is not consumed by the masses is not true. It is true that some jaggery and brown sugar are consumed by the masses, and if white sugar becomes more expensive, perhaps the consumption of the same will decrease in favour of jaggery. There is no doubt about the fact that the duty will fall, partly at any rate, on the poorer sections of the community, in spite of the statements of the Finance Member to the contrary. So far as the production of sugar is concerned, it is paradoxical for the Government to encourage an industry by protection on the one hand, and to discourage the same industry by putting heavy burdens on production on the other. The policy of discriminating protection, though halting in many respects, has given an impetus to several industries in the country, one of the most important of which is sugar. This industry, though it has made remarkable progress during the last few years, needs careful nursing, if it is to be developed on proper foundations and maintained in the future without protective assistance. In fact, sugar is one of the commodities which in war time has assumed great importance particularly in belligerent countries, including England, where there is such a great scarcity of sugar. In any other country, the Government would have taken advantage of such a situation, and allowed the vast resources of raw materials of the industry to be properly exploited, so that the industry may not only cater for the needs of the country within but also find an export market with advantage. Instead of taking the correct view of things in this connection, in the larger economic interests of the country, the method of taxing sugar by an excise duty on production was adopted a few years ago. This duty was condemned by all concerned as being thoroughly wrong in principle. The consolation given to the producers by increasing the import duty in proportion is not satisfactory, because the inevitable rise in price, due to the combined effect of the import and excise duties, must have its reaction on consumption, and reduction in consumption must react adversely on the development of the industry. This obvious fact was ignored a few years ago and is now again put aside in the interests of revenue by increasing the duty by 50 per cent. I shall not be surprised if these increasing burdens seriously come in the way of several of the new factories which have still to build up their position, and in any case come definitely in the way of the starting of new factories. I wonder if these possible repercussions on this important industry have received adequate consideration from the Finance Member in his anxiety to find more revenue.

I make these observations, Sir, in order to point out that there are many anomalies in our taxation system. Sir James Grigg had emphasised some

anomalies which he disliked, whereas others are conscious of other anomalies which the Government conveniently ignores.

THE HONOURABLE THE PRESIDENT : Is any country free from those anomalies ?

THE HONOURABLE MR. SHANTIDAS ASKURAN : The condition of all the countries is not just the same, Sir.

In order to prove his pet ideas about the effects of tariff duties in this country, Sir James Grigg announced in the Assembly some time ago that the Government of India would arrange for a systematic study of the incidence of the taxation in this country, and that that problem would be one of the important tasks of the then newly appointed Economic Adviser to the Government of India. We heard a good deal about this proposed enquiry for a time, and rosy pictures were painted in the newspapers about the probable results of such enquiries which would ultimately put our system of taxation on scientific lines. But unfortunately, like many such promises this one too has vanished in thin air. Very few of us are aware of the work that Dr. Gregory, the Economic Adviser does ; and except for the issue of a few memoranda by his department we have no knowledge of any positive steps being taken by the Government in the direction of the proposed enquiry.

I refer to this, Sir, in order to emphasise the fact that very large additions to taxation were made in this country during the last war and in the years following it. The total expenditure incurred by India on the last war was about Rs. 311 crores of which the direct contribution from Indian revenues was Rs. 220 crores. Nearly two-thirds of this was found by borrowing. I am not including in these figures private gifts or the splendid contributions of the Indian States. But it is a matter of common knowledge that if British India's contributions towards war expenditure and the interest we have paid on war borrowings year after year had been utilised for wiping out our sterling debt, that debt would have been very small. In essence we are still making contributions to meet the obligations incurred in the last war. Sir, we have not even had the consolation that in raising this enormous amount of money, the Finance Members of the last twenty years have attempted to evolve a long-range financial and economic policy. Every year the Finance Member came to the Legislature with his taxation proposals without any thought for the anomalies which have crept in and still continue.

Sir, my point is that unless the whole tax system is scientifically examined with a view to find out the correct incidence on different classes of people, it will not be possible to remove some of the glaring anomalies in our system. Then only it will be possible for the Finance Member to convince the Legislature and the public that his measures are valid ; or perhaps if he is convinced that they are not, he would in time modify them. It is all the more necessary to institute such an inquiry at the present stage, because we have now two taxing authorities, the Central and the Provincial Governments, who are known often to tax the same commodity simultaneously as in the case of petrol. Every one, I am sure, will agree that it is difficult to convince the taxpayer who is already so heavily burdened and about whose capacity to pay there is such a known uncertainty, that he should be called upon to pay so heavily for a war in which he is a passive party. From all points of view, political and financial, I submit that such heavy taxation is not likely to conduce to that goodwill, the creation and maintenance of which is preached to us every day from the highest quarters. And, therefore, Sir, I do appeal most earnestly for greater consideration on the part of those in power before they venture on taxation measures.

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Sir, there is one point which I would like to raise before bringing my speech to a close. I know from personal conversations with His Highness the Jam Sahib that he and his brother Princes have given magnificent proofs of their anxiety to be of positive help to Britain in this war. His Highness the Chancellor of the Chamber of Princes has set aside one-tenth of the revenue of his State, amounting to about Rs. 8 lakhs a year, for the purpose of safeguarding the coastline of India. Other Rulers have made generous contributions in men, money and materials. Sir, I wish it were possible for some spokesman of the Government of India to indicate before the conclusion of the debate what is the total amount of help given by the States and how it is proposed to be utilised.

Sir, there is one final observation I would like to make. The Honourable the Finance Member has already issued a warning that there may be an increase in the expenditure on defence if the realities of the war should come nearer India. I am sure everyone realises that the forces of aggression in the world must be met and put down. It is a challenge which everyone who stands for liberty and democracy is bound to take up for the sake of peace and the decencies of international life. At the same time, Sir, I would like to ask the Government of India what steps they are going to take to bring this home to the patient cultivator at his plough. How are his moral sympathies going to be enlisted on the side of active co-operation in this war?

Everyone, I think, is bound to recognise with appreciation and admiration the sincerity and patience with which His Excellency the Viceroy has attempted to bring about by negotiation a friendly settlement of the political deadlock. It cannot be a matter of rejoicing to him or to any one else that the constitution is in suspension today in seven provinces. He has failed for reasons, I most regretfully admit, beyond his control. But, Sir, I hope that in the interests of maintaining friendly relations between the two countries, no effort will be spared to reach a settlement by negotiation. Statesmanship demands that a solution of the problem should not be abandoned in a spirit of despair or resignation. I am sure, Sir, that I would not be misunderstood when I say that without popular governments, both in the provinces and at the centre, the burden of administration is bound to be far heavier on those who have to undertake it. In this connection I must utter a word of protest against the manner in which the distribution of revenues as between the Central and Provincial Governments was amended recently by an Order-in-Council without consulting public opinion in India. Sir, it was only on Saturday that Sir Jagdish Prasad, in bidding farewell to this House, concluded his speech with a warning that it will be dangerous to assume that because the country is quiet today, therefore it will continue to be quiet for months and years that lie ahead. I am sure I am voicing the wishes of the business community in this country in appealing to the Government of India to realise the dangers inherent in the present situation. Not a moment should be lost, Sir, in enlisting the co-operation of all parties in this country in a positive effort not only to win the war, but to make India safe for democracy and freedom.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA: Before the Honourable Member concludes his remarkable speech do we not deserve to know—

THE HONOURABLE THE PRESIDENT: Are you making a speech?

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA: I want to know whether he supports or opposes the Bill?

THE HONOURABLE THE PRESIDENT: This is not the time for you to know.

THE HONOURABLE MR. RAMADAS PANTULU (Madras: Non-Muham-madan): Sir, I rise not to speak on the Finance Bill in general, nor do I propose to address myself to any political or economic issues. I am permitted by my Party to attend this Council only for a day in this session and I am normally not expected to participate in the general discussion on any Bill. But I owe it to myself to say a few words about a particular clause of this Bill, namely, clause 7. This House will remember that when the Income-tax Bill was before us, I raised a question regarding the taxation of co-operative societies. Co-operative societies occupied a very anomalous position under the scheme of income-tax law. In regard to super-tax co-operative banks paid much more than joint stock banks are paying on the same amount of profits. I said that the bank of which I was Chairman paid Rs. 1 lakh more in three years on the profits than it should have paid if it was a joint stock bank. Sir James Grigg very sympathetically said that his attention was not drawn to this fact till then and he assured me and this House that an early opportunity would be taken to afford legitimate redress to co-operative societies. Sir, I took up the matter later after Sir James left the shores of India with the Central Board of Revenue and I believe I interviewed my Honourable friend Mr. Jones also and left a memorandum with him a few months ago. I am glad to find that, though not by amendment of the income-tax law, but by a measure of special relief by means of a proviso to clause 7, co-operative societies are given the relief for which I prayed. Sir, this is no doubt an innocent-looking proviso, but it does give very substantial relief. There are some co-operative central banks which make profits of between Rs. 30,000 and Rs. 40,000 and up to Rs. 25,000 they are completely exempted from super-tax and above Rs. 25,000 they are now taxed at the flat rate of one anna per rupee. My bank was paying up to 7½ annas in the rupee as super-tax, and I may say at once that in the current assessment year 1940-41 the bank of which I am Chairman will get a relief to the extent of Rs. 43,400; so also the provincial banks of Bengal, Bombay, and the Punjab will get a relief. I wish to tender the grateful thanks for all the co-operative societies in India to the Finance Department for the speedy action that they have taken and the way in which they have given effect to our prayer. We are not however satisfied with this mode of relief—

THE HONOURABLE THE PRESIDENT: Are you ever satisfied?

THE HONOURABLE MR. RAMADAS PANTULU: I am asking for a permanent measure of relief by suitably amending the Income-tax Act—by taking away co-operative societies from the category of association of persons. That is where the difficulty comes in. Co-operative societies are not companies or joint families or firms. They are now treated as associations of persons which makes them liable to the highest super-tax under the Act. We want to be in a separate category by ourselves and we want the relief to be placed on a permanent statutory basis by a suitable amendment of the Income-tax Act. With this request I once more express my grateful thanks on behalf of co-operative societies in India.

THE HONOURABLE MR. J. H. S. RICHARDSON (Bengal Chamber of Commerce): Sir, I wish to take this opportunity of expressing my personal

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gratification at the substantial concession made to the sugar industry by the acceptance of an amendment moved in the other House which releases certain stocks of sugar held at the end of February from the increased tax. Coming so soon after the plucking of several feathers from the Honourable Finance Member's particular bird of paradise in the form of the Excess Profits Tax Bill, this giving away of the little bit of sugar for the bird is indeed so remarkable that I am encouraged to hope it may be taken as indicating the desire of Government to give more sympathetic consideration to certain aspects in regard to industries which have already been protected than has been the case in the past. I am further encouraged in this hope by the recent statement made by the Honourable the Commerce Member in the other House regarding the development of industries during war time. The steady growth of all protected industries is of equal importance to the Revenue Department as it is to the development of the country itself but it is evident from specific instances before us that the revenue has not been forthcoming and development is in danger of being retarded.

The sugar industry is one of those particular cases which illustrates what I have in mind as also does the paper industry. Both were encouraged by the Government to develop under protection recommended by the Tariff Board. In order to ensure as far as possible that the full degree of protection necessary should actually be received by these industries during their building up period, protection from foreign competition was afforded in the usual manner. On this carefully prepared ground the seeds of the two industries were sown but as time went on several others passed over the same ground and although it was already fully planted they sowed more seeds. The result was that whilst foreign competition was provided against subsequent internal competition arose owing to over-production and considerably nullified the extent of protection which Government agreed with the Tariff Board was necessary to enable the industries eventually to stand on their own legs. In the case of the paper industry despite the outbreak of war, I understand that several of the mills are in a precarious position and some may have to close their doors.

Sir, I cannot help feeling that these illustrations disclose a flaw in the present system the timely removal of which might have supplied the Revenue Department with at least a part of its needs in the form of income-tax and super-tax from profitable concerns instead of the Department having to impose such a heavy excise duty on an industry which although protected cannot be said to be flourishing. I am not one of those who advocates a policy of protection merely for the favoured few. It is perfectly correct for industrialists who are willing to risk the investment of capital in any particular protected industry to do so provided the demand is sufficient to absorb the production of all such factories without bringing prices down to a level which nullifies the declared intention of protective measures passed by Government. To ensure against this wasteful result it appears to me that it is a question whether the word "protection" should not have a rather fuller meaning than that given to it today. The present position of Government seems to be like that of a dealer whose main concern is the mere selling of a specific article to the public and who eventually damages his business because his service after sale is defective. The Honourable the Commerce Member has stated that in regard to the development of the essential industries which are needed for the prosecution of the war, the ideas of his department are running on the lines of making a little liberalisation in the conditions of the Fiscal Commission regarding protection. May

I hope that at the same time this question of the more liberal interpretation of the word "protection" may also be given some consideration? I wish to make it quite clear that I am referring only to protected industries and that I am entirely against indiscriminate Government control or interference in industry in the ordinary way. The actual conditions which have arisen in regard to the so-called protected sugar and paper industries are plain for all to see and so long as it is possible for similar conditions to arise in future in other industries which may be granted protection, I feel that in the interests of the industries themselves, of the Government whose revenue is affected and of the country, some steps would appear to be desirable to forestall and avoid a repetition of unhealthy internal competitive conditions. Whatever steps are taken, they should be adopted at a sufficiently early stage in the development of the industry. This might forestall the occurrence of these undesirable conditions and so render unnecessary any action at a later stage which, although it might be necessary to prevent the collapse of a protected industry, would nevertheless probably have to be of what I would call an interfering nature. The question is, would it be possible for some action to be taken at a sufficiently early stage to prevent these undesirable conditions arising? If they can be prevented, it follows that Government action at a later stage might become unnecessary and this is, I consider, most important since I visualise Government action at an early stage would not need to be in the undesirable interfering form probably necessary at a later stage of development when naturally more factories would be affected.

Over-production prevents the seed sown growing to a healthy maturity, does harm to the business of the country and in the end must make capital more shy than it inevitably is. I may be told that if industrialists are so foolish as to deliberately invest their money in the erection of factories for the production of protected materials at a stage in the development which renders it doubtful whether they can be absorbed without serious and harmful price cutting then it is their own fault and Government are not to be blamed. I agree that there is some substance in this argument and indeed I admit there have been remarkable instances where the investing public has supported the flotation of certain companies despite the fact that there were, readily available statistics which indicated the measure of return mentioned in the prospectus was largely exaggerated. This however still leaves unanswered the question as to whether in view of the fact that for various reasons these sort of things do happen, it is fair on those factories and concerns who were often pioneers and on whose cases the grant of protection was based. Although such grant is in fact an admission, provided of course certain conditions are fulfilled, of their right to a certain price for their goods which will enable them to grow, it is they who afterwards have to share in the losses brought about by internal competition due to over-production and it is this aspect of the matter which, in view of the illustrations of the two industries I have mentioned, I feel necessitates some consideration. What guarantee of these new industries which Government wish to encourage. What guarantee have they that the prices they receive for the materials which they produce will not ultimately prove to be uneconomic by reason of the fact that Government encouragement or other factors may result in the erection of factories in excess of the demand? The other day the Honourable Rai Bahadur Lala Ram Saran Das asked the Honourable the Finance Member if Government would guarantee a percentage return on the capital invested in such industries. I entirely agree with the Honourable Finance Member's reply in the negative as it is obvious Government cannot undertake such a responsibility which

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is entirely one for those industrialists who choose to take the risk. At the same time I do suggest that Government should consider how doubts which may arise in the minds of industrialists as a result of past history can be met.

The suggestion has been made that a permanent Tariff Board should be established. Changed conditions may justify this but from my own experience of Tariff Boards and protected industries I believe that the Commerce Member was perfectly correct when he raised the question in another place, whether it was fair to the industry concerned to take up its roots over and over again or whether it be given a certain limited time to adjust itself, rationalise its own industry and see how far it could organise itself before the next enquiry. If a permanent Tariff Board could advise Government as to the possibility of increased demand for any particular protected material without upsetting those engaged in developing the industry, this might go some way towards a solution of the problem.

Sir, in conclusion I confess that at this stage the question I have raised is possibly more of an academic nature and there are many difficulties not the least of which are provincial ones, in the way of a practical solution. All I wish to say is that I welcome the Honourable Finance Member's attitude looking at it from the aspect which I have endeavoured to explain and I hope that when Government give encouragement to the development of certain protected industries under present war conditions they will if it is at all possible give some consideration to what I will call the "after protection" of such industries with the object of endeavouring to forestall internal conditions arising through over-production which are not only unfair to those who have accepted Government assurance and invested their money but are in my opinion definitely harmful to the interests of Government and the country as a whole.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan): Mr. President, for the first time after five years, the Finance Bill has come to us in an uncertified form. I am not sorry that it has come to us in an uncertified form because we can now discuss the Bill on the merits. Sir, in my observations on previous occasions, namely, the General Discussion on the Budget and the consideration stage of the Excess Profits Tax Bill, I made it clear that in my humble judgment the Finance Member was right in seeking to balance the Budget by the method of extra taxation. I repeat again that he would have been guilty of a grievous error had he either left the Budget uncovered or balanced it by loans. The burden sought to be imposed on the general taxpayer is not of a staggeringly heavy character and it would have been clearly wrong to finance defence expenditure by loans. Being, therefore, in general agreement with the Finance Member on this main question of principle I have, in determining my attitude towards the fiscal part of the Finance Bill because there is a political aspect with which I shall have to deal a little later had to consider whether the particular taxation proposals proposed by him are in the main right or not, and I have no hesitation in saying quite frankly that it is not possible for me to suggest any constructive alternative to the taxation proposals that he has put forward. The Excess Profits Tax Bill which was passed the other day by this House and I think we did the right thing in passing it will enable him to raise Rs. 3 crores. In addition to the excess profits tax, he has proposed two other measures of taxation, namely, an increase in the excise duty on sugar and an addition of 2 annas per gallon to the tax on petrol. I will, Sir, with your permission, briefly examine the case for these two measures. I must say I have a very

great deal of sympathy with the sugar industry. Normally I should not have agreed to an increase in the excise duty on sugar. Ultimately, the result of an excise duty is that the consumer has to pay more for his sugar. But the Finance Member has shown a spirit of reasonableness which needs appreciation. He has modified his original proposals in a manner acceptable to the more reasonable section of the sugar industry. He has accepted an amendment providing that the enhanced excise duty of Rs. 3 should be levied on sugar produced on or after the 1st March, 1940 and that the old duty of Rs. 2 should apply to sugar manufactured on or before the 29th February, that is, the date on which the Budget was introduced. The main consideration which weighed with the Finance Member, I think, was that the sugar produced before March was manufactured from cane brought at a higher price. This argument, Sir, reveals that the imposition of higher excise will depress the price of cane and thus leave the cane-grower at a disadvantage—

THE HONOURABLE MR. HOSSAIN IMAM: It has already done so.

THE HONOURABLE MR. P. N. SAPRU: I pointed out in my speech on the General Discussion of the Budget that in my province it has already done so. Prices of cane are fixed by Provincial Governments after the price of sugar has been determined by the Sugar Syndicate after a study of market conditions. This excise duty will, I am afraid, to some extent hit the agriculturist without benefiting the manufacturer or the consumer. I have already said, Sir, that the Finance Member has to some extent met the reasonable objections of the sugar industry, and in view of the reasonable attitude that he has adopted, I am not disposed to quarrel with him. I look upon this as an emergency piece of taxation and I am not, therefore, in view of the reasonable spirit that he has shown, disposed to quarrel with him so far as the sugar excise tax is concerned.

THE HONOURABLE THE PRESIDENT: But the difficulty is that it would involve the country in a loss of Rs. 70 lakhs.

THE HONOURABLE MR. P. N. SAPRU: The Rs. 70 lakhs will come from the country, Sir.

AN HONOURABLE MEMBER: From the consumer.

THE HONOURABLE MR. P. N. SAPRU: I will now say a few words on the duty on petrol. My first impulse was against the duty on petrol. The duty on petrol is already high. Not only the people who use the motor car will suffer but also the poor villager who has inadequate marketing facilities. He has often to use the lorry and the bus for the carriage of his goods for marketing purposes and for ordinary travel. But the consideration which has weighed with me is this. We have agreed to an increase in railway freights and fares. There is competition between the railways and the buses and as owners of the greatest State-managed railway system in the world, we ought not to place buses in a position of advantage as compared with the railways. The increase is not of a very appreciable character, and the Budget, as I said, has to be balanced and it has to be balanced by extra taxation. It strikes me that I can suggest no better tax myself except perhaps an increase in the super-tax. I, therefore, am not prepared to attack this particular tax either.

It will be seen, therefore, that I am not attacking the Finance Department on what it proposes to do. It is certainly subject to attack, from our point of view, on what it omits to do, and certainly, there are certain considerations of a political character which make it subject to attack. I do not

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say that I am in agreement with the policy behind the Finance Bill, and I will address myself to the question of the consideration of the policy behind the Bill. But before that I should like to say a few words about the Government's policy of price, control.

In considering this question of price control we must remember that India is mainly an agricultural country and the welfare of the agriculturist must be supreme with us. The economic welfare of the country depends upon the prosperity of the cultivator. The agriculturist has had to pass through a very serious period of depression during the last decade or so. In the best of circumstances he is extremely poor. He has today to buy his own requirements, his agricultural implements, kerosene oil, clothes and other necessities at a higher price.

THE HONOURABLE THE PRESIDENT: But he is better off now.

THE HONOURABLE MR. P. N. SAPRŪ: The higher prices of agricultural products may have made him temporarily better off, but he has to buy his implements also at a higher price, and assuming that he is getting a better price for his produce it is undesirable, I think, to interfere too early with the rise in prices, because, firstly, he must be given an opportunity to recoup to some extent at all events his losses in lean years, and secondly, he should be enabled to purchase the goods he needs at their present rising prices. My suggestion therefore in regard to prices is that Government should not interfere with prices in the case of agricultural produce unless they show a tendency of shooting above the price level that was reached in 1928 which was a good normal year.

Another point on which I should like to say one or two words is this. I think we need more co-ordination and co-operation between the centre and the provinces in the matter of taxation. We have a federal constitution. Unfortunately the provincial part is not working. In a federal constitution overlapping of taxation often occurs, and there is, therefore, need for greater co-operation and co-ordination on the part of the centre and the provinces. Sugar and petrol are two important instances in point. Sugar has to pay an excise duty to the centre, and sugarcane bears a provincial tax which varies I believe in different provinces. Similarly, petrol has to pay an excise duty and it has to bear a provincial tax. There is therefore need for greater co-ordination and co-operation between the centre and the provinces in regard to these matters, and I hope that the Finance Member will devise some effective machinery which will ensure this co-ordination and co-operation.

Sir, I will leave the question of reduction in postage rates to my Honourable friend Mr. Hossain Imam, and I will go on to the question of the policy behind the Finance Bill, because it is with this policy with which I find myself—I will not say completely but in substantial—disagreement. Sir, no reflecting man will deny the need for spending adequately on the defences of India at this juncture. India cannot escape the effects of a major war such as we are witnessing in Europe today. Even if she had been an entirely independent country, even if she had been a country with no connection with Britain whatever, she would have had to face the problem which armaments race and major and minor wars in the world create for all, belligerents and neutrals alike. We are living in a world of aggressive nationalisms which seek to dominate the weaker races of mankind; and even a country which has professed so far extreme leftist ideals and to which extreme leftists have

often looked for their inspiration has not escaped the virus of imperialistic infection. That India's defences need to be strengthened is therefore common ground between us and the Government of India; but the question how they should be strengthened and what part in the formulation of defence policies, defence programmes, defence organisation, defence requirements Indians should have is a different matter. Sir, the Indian attitude towards the Defence Department is mainly conditioned by the attitude of that Department towards Indian aspirations, and I confess that the Defence Department as at present constituted entirely lacks the confidence of the Indian members of the Legislatures. The head of the Defence Department, His Excellency the Commander-in-Chief, who is a Member of this Council hardly considers it worth while to listen to our debates or to answer criticism.

THE HONOURABLE THE PRESIDENT: I have already told you that during this session His Excellency the Commander-in-Chief will not be able to be present on account of his more important responsibilities elsewhere.

THE HONOURABLE MR. P. N. SAPRŪ: So far as this Legislature is concerned, it is of no importance to him at all. If he is a Member of this Council then I say he owes it also to this Council to show some responsibility to us.

THE HONOURABLE THE PRESIDENT: He has more important duties.

THE HONOURABLE MR. P. N. SAPRŪ: I protest against that word. Is it your suggestion that this Legislature is of no importance whatever?

THE HONOURABLE THE PRESIDENT: He has certainly more important duties to perform, to watch the condition everywhere, all over India.

THE HONOURABLE MR. P. N. SAPRŪ: Then why is he a Member of the Viceroy's Executive Council? If the Government of India Act can be changed in order to amend the Neimeyer Award, surely it can be changed to remove the Commander-in-Chief from the Executive Council and put in another civilian member in his place.

THE HONOURABLE THE PRESIDENT: Order, order. Do not get excited. The Act cannot be changed on the spur of the moment.

THE HONOURABLE MR. P. N. SAPRŪ: It has been changed to suit the purposes of Government.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is there any country where the War Minister absents himself from the Legislature?

THE HONOURABLE MR. P. N. SAPRŪ: Surely the Commander-in-Chief has not got higher duties to perform than Mr. Winston Churchill who is the First Lord of the Admiralty and if Mr. Winston Churchill can answer the criticisms of Mr. Attlee and Sir Archibald Sinclair, we see no reason why the Commander-in-Chief should not be here to answer our criticisms. There is not a single member of the Defence Department to listen to what we have to say, to answer to what we have got to say. That is the respect that the Defence Department has got to show to us, non-official Members of the Legislature, and this, Sir, at a time when we are asked to help, when we want to help Britain. Is that the way in which His Majesty's Government, the Government of India and His Excellency the Commander-in-Chief expect to get the co-operation of the people of India? I say, Sir, it is—

THE HONOURABLE THE PRESIDENT : It is unparliamentary behaviour.

THE HONOURABLE MR. P. N. SAPRU : I have said no word which is unparliamentary. If I am guilty of anything—I may have spoken with heat.

THE HONOURABLE THE PRESIDENT : Don't get excited and don't forget that you are a Member of the supreme Council of India.

THE HONOURABLE MR. P. N. SAPRU : If I have been guilty of any unparliamentary expression—

THE HONOURABLE THE PRESIDENT : You are guilty of excitement and only showing your excitement for nothing.

THE HONOURABLE MR. P. N. SAPRU : Sir, I shall try to be without excitement. We are all apt to get excited. I think I have justification for that.

THE HONOURABLE THE PRESIDENT : None whatsoever.

THE HONOURABLE MR. P. N. SAPRU : When we ask questions relating to defence personnel, the number of Indians employed as commissioned officers, temporary or permanent, or defence industries, we are put off with evasive answers which no self-respecting Legislature can tolerate. Eighteen months back I had the honour of moving a Resolution, a very modest Resolution, a Resolution which from my point of view was so modest that I was really amazed that I should have moved it—I am referring to the Resolution for the constitution of an Advisory Committee on Defence. I think, Sir, in the speech which I made, and I have re-read that speech for my own education, not for the education of the Defence Department, I used language which was as temperate as any that could be imagined. I put the case for the association of India and Indians with the formulation of defence policy as moderately as I could. And what was the answer that I got? I pointed out that, at all events after Federation had been established, the Joint Select Committee out, Sir, that I had the support of the Simon Commission in the proposal that I was making. And what was the answer, Sir, that I got? The answer that I got was an emphatic “No” and that emphatic negative came from an esteemed and respected Member of this House—I am referring to my friend the Honourable Mr. Williams—who, I am convinced had no heart in the cause he was pleading as an advocate before this House. Repeatedly we have asked that a policy which denies to provinces, which contribute even more in revenue than the Punjab, which satisfy tests which will be regarded from the point of view of military efficiency as normal in any normal country, should be changed. We have, in other words, suggested in season and out of season—and there can be no out of season so far as this question is concerned—that the defence forces should be recruited on a wider basis, that communities, classes and provinces which go unrepresented in the defence organisation in this country should have the chance given to them of serving their King and their country.

There has been, I regret to note, no change in this policy and even at this time, when Britain is at war, when it needs the help of India, it will not throw open the army to provinces and classes which, by every right, can claim a share in the defence organisation of their beloved motherland. I am not satisfied with the answers that have been given from time to time. What are those answers? The army is a small one. We are recruiting from classes which have a tradition of military service. The present system has worked

well. There is no legislative discrimination against any particular class. After all we have to recruit a certain number of men and we give preference to those who, we think, will satisfy our requirements. Supposing, Sir, it were administratively ruled in England that the army would only be drawn from the Welsh countries and men from other parts of England were refused admission to the army on one ground or the other, what would the rest of the English people have to say? Is such a possibility imaginable in any normal country?

Sir, the position is that while the so-called martial classes provide the fighting material, there are communities and areas in India which do not furnish a single man for the regular army. Before the Mutiny the army consisted not only of Punjabis and Sikhs and our independent friends the Gurkhas who have come to keep a watch over us in India but it was recruited from other parts of the country also and soldiers from other parts were able to give a good account of themselves. Twenty-five years after the Mutiny General Warre, Commander-in-Chief of the Bombay Army, gave this opinion of the Bombay Army :

“History has proved that the whole of the western coast is a military country producing a warlike population. The Southern Mahrattas have proved themselves in former days and are still equal to any other race in India as a fighting people. Their power has been broken and their military ardour wrenched by almost total disarmament but they are still a hardy people, in a mountainous district, inured to toil, and especially good in tracing their steps over the rough and impracticable Ghats. What more can you require to make soldiers?”

There is the opinion of another Commander-in-Chief, Sir Frederick Haines, who says :—

“I cannot admit for one moment that anything has occurred to disclose the fact that the Madras sepoy—”

—the Presidency from which my respected friend Sir David Devadoss comes—

THE HONOURABLE SIR DAVID DEVADOSS : I moved a Resolution in 1938.

THE HONOURABLE MR. P. N. SAPRU : That is why I described you as a respected Member.

“I cannot admit for one moment that anything has occurred to disclose the fact that the Madras sepoy is inferior as a fighting man. The facts of history warrant us in assuming the contrary. In drill, training and discipline the Madras sepoy is inferior to none, while in point of health, as exhibited by returns, he compares favourably with his neighbours.”

Sir, the truth must be told, however unpalatable it may be to the tin gods and the military autocracy in India, that the composition of the present army is essentially political in character, motivated by considerations designed to perpetuate the Imperialist domination of India. Anyone who cares to read the earlier reports will find that my statements are correct. The Peel Commission, which was appointed, I think, in 1877, says that

“the Indian section of the army should be composed of different nationalities and castes which should as a general rule be mixed promiscuously in each regiment; and Europeans alone should, as far as possible, be employed in the scientific branch of the services.”

Thus Imperialism perpetuates and preserves itself. Lord Ellenborough, concurring with the view of Lord Elphinstone, once said that

“it appears to be the concurrent opinion of all men that we should keep the artillery wholly in our hands.”

[Mr. P. N. Saprū.]

question of the defence of this country ever so much more urgent and important both from your point of view and from our point of view than it was ever before. You think that you can dispense with Indian co-operation. What, after all, is the value of Indian co-operation? What can the politician do to help you? That is your mentality. You think that you can have that co-operation on your own terms, even when we do sympathise ideologically with you. Do you wonder, therefore, that there is deep resentment among the politicians in this country at your policies? I have spoken with some heat and with some warmth on this question of the nationalisation of the defence forces. I do not wish to argue the case for nationalisation. It has been argued over and over again in this House. We are all familiar with these arguments. I am just formulating our demands. I have considered it my duty to dilate on this question of nationalisation at some length because that is a question to which Indian thought attaches very great importance. It is one of those issues which test your sincerity. If you can satisfy us on this question of nationalisation, if you can satisfy us that you mean to go ahead with this nationalisation of the army as rapidly as possible, then you will change the psychology of the people of this country towards you and towards the war that is in progress.

Sir, I have not touched upon the constitutional issue, but I must not be understood to say that I am satisfied with the manner in which that issue is being handled. I would not like to say much on the constitutional issue as I would not like to complicate matters by any observations that I may make here. I would only say this that it is essential that we all—Englishmen, Hindus, Mussalmans, Christians—should approach this question with a desire to arrive at an agreed solution. There should be the will on the part of all of us to find a solution of this *impasse*. It fills me with pain to think that in certain provinces we are being ruled by Governors today. The constitutional dead-lock ought to be settled in a manner satisfactory to all parties concerned. We all desire to see a free India, in perpetual partnership with Britain, established as early as possible in this country. We are all hankering, yearning, for that Dominion Status which has made Canada, Australia and New Zealand loyal to the British connection.

I would just like to say one word about the constitutional question. I do not think we shall ever be able to settle the minorities problem unless we place the constitution of India on a permanent basis. If you get a revision of the constitution every fifth year, you will have perpetual communal strife in this country. What you want now is a permanent solution of the Indian problem. The minorities problem has assumed a shape and form which makes it incumbent that India should be endowed with the full rights of a self-governing community.

But, these bigger issues apart, there are several small directions in which you can convince Indian opinion that you mean business, and I see no reason why you should not take those small steps. Why must you go on recruiting for the Civil Service and the Police Service in England? Why can't you do it in India? No amendment of the Government of India Act is necessary for this purpose. It is possible for you to stop recruitment in England for the Services. That will be a proof of your sincerity.

Sir, it will be clear from what I have said that while I have few criticisms to offer so far as the merits of the Finance Bill are concerned, there is a political aspect of it with which I cannot agree. So far as the ways and means portion is concerned, Sir Jeremy Raisman has done it very well. But I am

not in sympathy with the major policies of the Government of India behind the Finance Bill and it is, therefore, not easy for me to bless the policies of the Government of India which are reflected in the Finance Bill. These are all the observations which I have to make on the Finance Bill.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE RAO BAHADUR K. GOVINDACHARI (Madras : Non-Muhammadian) : Sir, I rise to support the Motion made by the Honourable the Finance Member and in doing so may I briefly indicate the reasons which prompt me to do so?

The world is now passing through a period of extreme crisis both political and financial, and in view of the great war in which we are now engaged it is only reasonable to expect that heavier sacrifices would be demanded of taxpayers.

The proposals of the Honourable the Finance Member in the circumstances seem to me to be quite modest and though he has been compelled to raise the excise duty on sugar and add to the existing taxation on petrol, these two imposts could not by any means be interpreted as additional burdens on the general run of taxpayers in the country.

Taking into account the ordinary economic circumstances of India, it will be agreed that the two commodities selected for additional taxation are in the nature of luxury goods and the sacrifice involved will fall on shoulders which are fully able to bear them without bringing any hardship on the general mass of the population. I therefore have only a cordial word of recognition for the Honourable the Finance Member and the country should feel grateful if the later budgets also are cast on the same lines.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : Sir, the Motion before the House is acceptance of the Finance Bill, but the Motion covers a wide field and much that is relevant, irrelevant or nonsensical may be said on this Motion. Of course I cannot command the vehemence of a young man, and I cannot fire blank shots like those which were fired so ineffectually and which cannot affect the condition of things as they are. The Constitution is such that we cannot have any control over defence policy or defence charges. It is no doubt a false position by the Constitution that they should be placed in such an impotent position by the Constitution that they should not be able to revolutionise the whole thing in a day or a month. But, Sir, viewing the question of defence from a dispassionate point of view—and I am not behind anybody in the matter of nationalising our defence forces—but I say the conditions of things as they are must be reviewed by us as practical politicians. It is not possible that in a moment we can have the whole of the Indian Army Indianized or that various arms of the defence forces should be controlled by Indians without previous training and knowledge of things. These considerations lead me to express the view that though from our point of view it is desirable that there should be more rapid nationalisation of the defence forces and that openings should be made at once for those

[Sir A. P. Patro.]

who may be prepared and qualified to run the Defence Department, there must be method in our madness and we should work up to these things in a practical manner. Till then there is no use our being vehement or, if I may be pardoned for saying so, losing our heads over the matter. It is not in accord with the dignity of this House that we should make any such undesirable show.

Having said that, I should like to consider the whole question of industrial progress. We all desire industrial progress and that there should be greater support for our industries. There is no question that the industrial policy should be accelerated so that capital may be drawn from its hoarding place and the people encouraged to carry out industrial co-operation. But what is it that is necessary for that? It is not merely capital, or the desire for progress; it is the real spirit underlying all industrial development, namely, the business habit; the habit of co-operation, the habit of not quarrelling over dividends after one year; the habit of sinking all major and minor differences in the interests of the business concerned with a view to building up that business gradually. Perhaps business men will support me when I say that every new endeavour does not at once yield large revenues. It may not even be able to make large dividends for many years. They often suffer and ultimately it is only through persistent endeavour and skill which earns them their reward. Such must be our attitude when we think of industrial progress. Already, as we all know, during the war an endeavour has been made by the appointment of an expert committee to advise and encourage industries. But that is really nothing in view of all that the country requires in this connection. What is needed for real development? We have to have raw materials to supply to the factories and mills for the purposes of industry. Has anything been done in this Budget in that connection? I have scanned it very thoroughly to see if any steps have been taken with a view to encouraging agriculture on scientific lines by the introduction of new methods of cultivation or more advanced animal husbandry. In respect of all these matters I do not find any trace of support in the budget proposals. Sir, if you think that industrial progress should be made you must also develop agricultural processes accordingly. Otherwise you cannot have the necessary raw material to supply to industry. Therefore it seems to me very regrettable that nothing conspicuous has been done in the Budget for the purpose of the agricultural development of the country. We all know of the great Report of the Royal Commission on Agriculture which contains a mass of information which is not ordinarily available to the public or to the practical agriculturist. But what has been done with regard to giving practical effect to the proposals so carefully made? Except for the Institute of Agricultural Research which is only for the purpose of making investigation and inquiry, nothing has been done to carry out the proposals of the Agricultural Commission. Sir, we have got only a Bill, a Bill to tax agricultural export with a view to support agricultural investigations. But has anything been done to carry the results of the scientific researches made in the central institute to the door of the agriculturist? The agriculturist in this country is not an ignorant fool; he has got strong commonsense. When once it is demonstrated to him that a particular method is profitable and economical, that it is within his reach, that he could adopt that method, the agriculturist and the cultivator are ready to adopt that method for the benefit of himself and his neighbours. It is no doubt the province of the Provincial Governments to carry the details of this agricultural research into action. But what encouragement has been

given to the provinces in this matter of carrying scientific information to the very door of the agriculturist so that he may be inspired by a desire to adopt these methods. I always advocated and pressed on the attention of both the Provincial and the Central authorities that this was the real step towards progress. If you do want to raise the economic condition of the ryot, it is not by building many mills, by multiplying Universities and turning out graduates in thousands, but it is by elevating the ryot and the cultivator. It has been suggested that if the Provinces and the Central Government are popularised, the whole thing could be done. My friend is not here, a theorist of the first water. If he would only come with me, I could demonstrate to him that all his theories, provincialisation or popularisation of the Governments, could do nothing. On the other hand, I would demonstrate to him that there has been a set-back in the agricultural development of certain provinces within the last two and a half years. I have said so in a lecture in Madras and I am prepared to say that statistics and information are available to show that within the last two and a half years no step has been taken to induce the cultivator to have greater faith in the Government than he had before. My friend has suggested in order to win the confidence of the ryot and the agriculturist that this is the remedy and you have to take it. But, Sir, this is only theoretical; it would read very well on paper; you should go to the countryside and see how people view the popular Governments which have been in existence before. Therefore it is idle to take that because of the change of a Government there would be revolution in the economic condition of the agriculturist. Work is necessary; provision of funds is necessary and propaganda is necessary. What has been done in the central institute? You have got experts no doubt who have passed examinations and who have gone through laboratories, but what is the use of this sort of enquiry and investigation when the results of the scientific investigation are not carried into effect, and are not useful to the ryot in order to raise his economic condition? I could give you instances to show how the agricultural research institute has made certain suggestions. Those suggestions involve a large investment of capital. How could the ryot in his present condition find the funds for changing the method and adopting a new method with a view to increase production? How is he to be financed and helped and how is he to be enabled to adopt the new and improved method? That question is altogether passed over. Not even the popular Governments have done anything in this direction. They have heaped burdens on burdens on the poor struggling ryot. He has to pay a tobacco tax if he grows tobacco on his field. He has to pay for buying cloth if he is not to buy what is called khaddar cloth. The shopkeeper has to pay a licence fee for the purpose of selling foreign cloth and he imposes that tax upon the poor consumer. And then worst of all we have got the sales tax. (Kruschen salts which used to sell at Re. 1 is now sold at Rs. 1-6.) Things like that are going on. Therefore the question is, what have you done to enable the ryot to stand on his own legs? If you do not help him to finance as you are ready to help the industrialists in the matter of industrial development, the agricultural industry in this country will be left in the lurch and is left to help itself. Whatever this Budget may be, it has not been useful to the agriculturist and the people. How could you expect the Government to be popular when the ryot knows that all these years you have done nothing for him and he is exactly where he was in his grandfather's days? Therefore in order to win his sympathy, his support, it is necessary that the Government policy should be more liberal with a view to assist the agriculturist in this matter. That, Sir, is entirely absent in this Budget.

Then, Sir, it has been pointed out that if we have a change of constitution and other people come in and we send away those that are now working,

[Sir A. P. Patro.]

the work will be complete. How can you, in the name of reason and common-sense, think that because you will put your men there, the work will be carried on as honestly, as sincerely, as devotedly and as efficiently? There must be time for development in everything. You cannot precipitate matters. Then my friend wanted Dominion Status. The Liberal Party want Dominion Status at once. The Liberal Party has been very fond of it and has been urging it. On the other hand, our friends on the Opposition have always been very fond of saying that Dominion Status is a wretched thing, we cannot touch it with a pair of tongs; we do not want Dominion Status. We want Independence; independence of the British, independence of the Britishers we want, and nothing short of it. It is a psychological occasion; the atmosphere is so very surcharged with liberalism. Therefore the British may be nervous, may be afraid of any agitation here and therefore they may concede. Sir, I need hardly say that such expectation of the courage of the Britisher and such estimate of British statesmanship show either bankruptcy of argument or that commonsense and reason are absolutely absent in such persons. All that we can urge is whether it is Dominion Status of a particular variety or whether it is independence, I am concerned with this: how are you going to do justice to the cause of the people? Past experience of the British, past experience of the Congress, has proved to me that the agriculturist cannot expect any justice from their hands. The British have neglected it cruelly hitherto. Even the Report of the Agricultural Commission, with so many useful practical suggestions in it to help the ryot, has not been given effect to either in the provinces or in the centre except as regards the Research Institute. And if you go with me into a village and talk to a villager, the first question he will ask you is, "Are you going to give us any seeds, are you going to give us any help in buying a better pair of buffaloes or bulls for cultivation purposes?" Those are the needs. Provide him with that and you have a contented India. No Congress, nothing will upset the confidence you will inspire. You will have in the British Raj, you will have in any Raj, contentment if you provide that the economic condition of the agriculturist is helped in this matter.

Sir, it has been suggested by some speakers that why should sugar be taxed? And why should the petrol licence be raised? It is true that it is taxed. Why should it not be? When they are receiving

3-5 P. M. protection on the one hand, and the people's money is spent on developing the industry, and that industry has grown very largely at the expense of the people and now, when occasion arises, when the nation is faced with a deficit budget and the emergency requires that extra revenue should be raised for the purposes of extraordinary expenditure on defence, why should it not be taxed? But my point is this: as I said at the time of the Budget, the problem is, is taxation to be the only method or is it to be in the form of a loan? The present generation bears the burden from current revenue but why not also extend it to the future? There is a difference of opinion on that matter. The Finance Member the other day, in replying to me, said it is theoretical, it is bookish, and therefore it cannot be accepted by him. He said so in his Budget speech also elsewhere, that this question of raising a loan with a view to meeting the emergent deficit is not at all a practical solution nor a wise solution. But, Sir, there is a great deal of opinion in favour of it in the country. I do not speak of text-book writers who differ on the matter. Some text-book writers have said that in such cases there should be a loan. Other economists have said, no, it should be by taxation.

Whatever may be the difference, so far as the conditions of India are concerned, I think in my own view that it would be better that this is spread out for a number of years and that the future generations also should be made to share the burden which this generation incurs. Why should this generation bear all the burden on its head and not have it shared by future generations who are equally benefited? Therefore, Sir, to my mind taxation is not the only way in which the Budget deficit could have been made up and that would have avoided all the difficulties in regard to the industrial position, but it is necessary to remember that a loan could have been spread over many years and the burden of annual payments would be much lighter than otherwise. Therefore, I say it is a proposition which, though the Honourable the Finance Member did not accept it at the time, still I would insist that this should receive more serious consideration than he has given to it.

It has been suggested also that there should be economies in many directions and these economies may also help to meet the deficit. I am one of those who believe that everything possible has been done in the matter of the Services and it is unfair to suggest that that source would be available for the purpose of meeting Budget deficits. After all, what is it that you are going to have from a cut in the salaries of people? There is nothing. It is only a drop in the ocean. And why should you make your servants feel that they do not receive adequate remuneration for the work they are doing, what they are accustomed to receive to enable them to live according to a standard of life. Having adopted a standard of life, you want to cut short the whole thing and make them feel that they are badly treated and hence your work in carrying on the administration must necessarily suffer. Therefore, that is not a source that would be available for retrenchment. I have not heard any other source mentioned here or on the Budget debate in which economies could be effected so that the deficit may be met and I am sure the Honourable Mr. Hossain Imam will be able to point out any useful source that may be tapped.

Sir, on the whole, therefore, while supporting the Motion before the House, I would draw the attention of the Government to the points which I raised, namely, that agriculture has not been properly and adequately treated in the Budget, that it is necessary that greater attention should be given to the development of agriculture and agricultural aid should be given to the rural areas and that the question of this taxation or loan should also be seriously considered.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, in my early youth I was warned against the profession of a policeman. There was a song in those days which said "A policeman's life is not a happy one". Five years in this House have led me to conclude that there is one other profession which I should have been warned against, and that is finance. The life of a Finance Member is not a happy one. This morning certain remarks made by the Honourable Mr. Sapru led me to the conclusion that I should no longer aspire to be Commander-in-Chief.

I was very glad to read in the speech made by the Leader of the House last week, when I was unfortunately not here, that he, in common with the Maharaja of Darbhanga, draws attention to the situation in which we now find ourselves. There is a war. So many people in this country are ignoring this point, both in the financial sense and in the political sense. This is surely a time when we should not air our quarrels. We should not even consider them. We should get on with the war and then we can think of our own difficulties.

[Mr. R. H. Parker.]

Then, I was surprised at my friend the Honourable Mr. Shantidas Askuran saying that he disapproved very strongly of the excess profits tax and that the whole of India did that too. I do not think he is right there.

THE HONOURABLE MR. SHANTIDAS ASKURAN: On a point of explanation, Sir. The Cotton Association which consists of all the European houses in Bombay sent their representative, Sir Purshotamdas Thakurdas, to the general meeting called in Bombay at the Cowasji Jehangir Hall, where Sir Purshotamdas declared that he had come to represent the whole body, including Europeans.

THE HONOURABLE MR. R. H. PARKER: That may be—the whole of the cotton group. But I do not think it is the whole of India still.

THE HONOURABLE MR. P. N. SAPRU: Sir, was the opposition to the excess profits tax continued after the amendments to the original Act?

Several Honourable Members: No.

THE HONOURABLE MR. R. H. PARKER: I must admit that I find it extremely difficult myself to imagine any fairer tax and I notice that the Honourable Member has not suggested one himself.

The Finance Member was criticised by Mr. Shantidas Askuran on the sugar question. Here is where he is really having an unhappy life, because, year after year, in this House, he has been criticised on the ground that he has refused to consider criticism, he has refused to alter anything, and the moment he withdraws something for which there is good reason, he is criticised for doing so and told that he is thereby upsetting the Budget estimates.

I think it was Mr. Shantidas Askuran who referred to a sympathetic railway. I do not quite know what a sympathetic railway would look like. I would like to have a photo! I am not quite sure whether you would have Sir Guthrie Russell smiling at a broken down lorry or—

THE HONOURABLE MR. SHANTIDAS ASKURAN: They are very sympathetic towards us, travelling in first class.

THE HONOURABLE MR. R. H. PARKER: Is that it? On the question of roads, I think we have got to face the fact that you cannot build roads out of income any more than you can build a railway out of income. You must have a capital account for roads. I think we must change the whole of our attitude on this point. The money must come from somewhere and it should be borrowed money.

The Honourable Member who spoke last, Sir A. P. Patro, said that we ought to borrow to pay for our current outgoings,—those which are provided for in this Budget. I must say that I think that that would be extremely unsound.

There was a reference by the Honourable Mr. Shantidas Askuran to the subject of the Economic Adviser and the slowness of the results of his labours. I do not know whether he has the slightest conception of the amount of preliminary labour which is involved in preparing the statistics and data which you must have before you can come even to a preliminary conclusion on matters of this kind. He must have time for that.

I notice that the Honourable Mr. Ramadas Pantulu came to plead a special cause this morning. I think it was rather an expensive journey.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, before I commence my remarks on the Bill, permit me to welcome Sir Reginald Maxwell as the Leader of the House. (Applause). He is an old colleague of ours and we welcome him back in his exalted capacity. We find today a great change in the Treasury Benches. We have today three members of the Viceroy's Council, although we have to be content with one only on most days.

The Honourable the Finance Member has done something which foretells that his term of office will be a smooth one. Sir James Grigg's first Finance Bill came in a certified form with the result that all the five Bills that he had to place had to come in the same form. Sir Jeremy Raisman has begun well. Not only has he done well, but in certain respects I think he has given too much concession; and so, when the year is concluded and he comes back and we find that the estimates are fulfilled of course he will have a smiling face. But even if he does not balance the Budget, he can throw the blame on us as well. That shows that an element of responsibility is being introduced in the Budget of the Government of India. Although it is a very preliminary step, something like a beginning—A, B, C—it is some consolation that the Finance Department is acting up to the standard which could be expected after the announcement of the Secretary of State about the status of the Government of India in the future. But can it be said that the entire body known as the Government of India is behaving in that spirit? I doubt if even the best champions of the Government of India can say that the whole Government is actuated by that spirit. I referred to the announcement which was made by Lord Zetland that the object of the British Government is the establishment of Dominion Status of the Westminster variety in India.

Sir, as Mr. Parker has pointed out, it is necessary that when we consider this Bill, we must keep the background clearly before us. You cannot consider this Bill without that essential background—the war. The background, as I see, is the existence of the war, and its consequent results, which must also be taken into consideration. We saw a representative of the Congress come here to this House—the Leader of the Congress Party—and state that he was satisfied with part of the work done by the Finance Department—the inclusion of the provision in clause 7. But the fact cannot be overlooked that the Congress is abstaining from attendance in the Central Legislature and that it has given up the Ministries in seven provinces. In the Central Legislature, the Opposition has lost much in strength, but I think we have gained something in persuasiveness, and if results are to be the deciding factor, then I do not think we have lost anything. But how long is this to continue? The sweet reasonableness of the Finance Department, which may have been due to the inclusion of sugar, is not present everywhere. In other respects we find that there are places where there is a stiffening in the attitude of the Government of India and non-responsiveness in other respects. Take the case of the Legislative Assembly. It was elected for three years. On one excuse after another you have been giving extensions year after year, so much so that it has now doubled its normal life, and yet there is no prospect of re-election; whereas Canada is holding an election in spite of the war and the great preparations that they are making. Is it not possible for the Government of India to hold elections and to shape its policy in the same manner as the Dominions are doing?

Look at the provinces. In seven provinces there is no Parliamentary system of Government. The Governors were perfectly justified in appointing officials as their advisers because it was thought that the Congress might

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be coming back to office. So in order to have continuity of policy as well as not to disturb the political life, it was desirable that officials should fill the gap. But if, as seems to be apparent now, the differences between the Congress and the Government are big and more fundamental than they had appeared in the beginning, I think it is the duty of the Governor General in Council to have non-official advisers associated with the Governors, and in that body, he Mussalmans as well as other minorities should be properly represented.

The Honourable Mr. Parker reminded us of the existence of the war. We are not likely to forget it, not only because the newspapers are full of it, but also because every walk of life in India has been affected somehow or other by this war. When my Honourable friend Mr. Sapru flared up just now about the Defence Department there was something to be said in justification. The Defence Department, as apart from His Excellency the Commander-in-Chief, has not given proper consideration to Indian sentiments and especially to this House. Today the Defence Department is unrepresented on the Treasury Benches.

THE HONOURABLE THE PRESIDENT: They did not know that you were going to speak on Defence.

THE HONOURABLE MR. HOSSAIN IMAM: When the Finance Bill is discussed every Government must expect that all its Departments and especially the Defence Department is bound to come under criticism. (*An Honourable Member*: "Move an Adjournment Motion"). If the Government does not repair this defect I shall move an Adjournment Motion.

THE HONOURABLE THE PRESIDENT: Provided I agree.

THE HONOURABLE MR. HOSSAIN IMAM: It is not a question of agreement. A Member will be nominated to represent the Defence Department in this House on the Treasury Benches.

Now, I was saying, Sir, that an announcement has been made by the Secretary of State regarding the object—or as Mahatmaji has put it, the result of the war and its translation into actuality—that we are going to have Dominion Status. Well, do you think that Indians will as if by magic change then; and that as long as the war is continuing they are unfit to look into anything and have any responsibility on their shoulders? Is it contended that as soon as the war is ended Indians will become something else and be able to assume charge of the Government, though they are utterly unable to do so at the present moment? Sir, the Department presided over by Mr. Dow is a newly created Department. Out of 28 officers' posts in it he could not find more than five Indians to man it, and that number includes a Superintendent. If we are so lamentably incompetent as all that I think it is idle to talk of Dominion Status. You should say plainly that you are not going to give us anything. You gave power in the provinces, and did you see how the Secretariats have been filled up by Indians? At least I know about my own province. Whenever power is given to anybody he can find his compatriots to fill jobs and he denies while he is holding power ability on the other side. That is what happens in a democratic country. When the Conservatives are in power every appointment under the Crown is given to Conservatives, and when the Liberals are in power they appoint their own men. Now you are in power and you want to have all the advantages. If you were in power with our consent then you would have this power granted to you. It would be a real democratic form of

government, that the Party in power should have all the control that it desires. But when you are irremovable and you promise to give us—not in doses but at the earliest possible moment—Dominion Status, I think you should prepare us for it. If you think we are not fully prepared, it is your duty to prepare us for it. In that sense it is necessary that the Defence Department should get more and more Indians associated with it, if not for control at least for training. Primarily it is the responsibility of the British Government to fit us, otherwise it will become a vicious circle. If we are not competent to do our job then your stay here must be perpetuated. That, Sir, is a bad argument.

There are other activities in which we find that the old spirit still prevails. The amount of secrecy which is observed over even the smallest things in the Defence Department is simply surprising. It seems that victory is dependent on the information as to whether one or 100 Indians have been recruited in the army. If Hitler knows that 100 Indians have been given temporary commissions, he will collapse; but if he learns that there were only 50, he will revive! What is this? You are making a fetish of it. It is not that we do not realise that there are informations which should not percolate to the enemy. But can you include on it such small things, as the number of recruits, about which you say, "It is not in the public interest"?

I have discussed up till now matters of general policy and I should like to revert to some of the special items with which this Bill and the Finance Member are concerned. Last year I discussed the Reserve Bank, and in that connection I drew the attention of the Honourable Member to the demand that stamp duty on usance Bills should be reduced. The Honourable the Finance Member interjected in the course of my speech that it would not increase our income by anything or that it would not give us one anna of extra profit, meaning thereby that this did not meet with the approval of the Government. But on the 13th of January the Honourable Member gave that concession.

THE HONOURABLE SIR JEREMY RAISMAN: The Honourable Member will permit me. I think his suggestion came, as far as I remember, in the course of a speech in which he was criticising the unremunerative character of the Reserve Bank, and that was when I interjected that it had nothing to do with yielding extra profits. I did not say that I was opposed to it.

THE HONOURABLE MR. HOSSAIN IMAM: But it took you, Sir, nine months and 16 days to give that concession.

THE HONOURABLE SIR JEREMY RAISMAN: The consent of the provinces was involved.

THE HONOURABLE MR. HOSSAIN IMAM: And I should like again to dwell on the unremunerativeness of the Reserve Bank. I should like the House as well as the public and the Government to realize what are the enormous resources at the disposal of the Reserve Bank, what was the yield from those heads when the Government was itself in charge of it and what the yield is now, with greatly increased resources. The justification for new taxation is that you cannot find money from old sources and you cannot decrease your expenses. Now, if your old sources could give you more money the justification for new taxation would cease to exist. The Reserve Bank controls at the moment the vast sum of Rs. 302 crores, out of which Rs. 111 crores are held in the shape of notes, rupee and other small coins, bullion and other uninvestible items, and the sum of Rs. 190 crores is held as investible. Out of this Rs. 190 crores, Rs. 136 crores, or 73 per cent., are held in sterling. The

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sum of Rs. 53 crores or nearabouts is held in Government of India permanent debts or in *ad hoc* securities. Now, on this huge investible capital of Rs. 190 crores the Reserve Bank made last year Rs. 1 crore and 22 lakhs. Out of that Rs. 1 crore and 22 lakhs Rs. 1 crore and 45 thousand was spent on management. The profits of the ordinary shareholders and of the deferred shareholders, the taxpayers of India, was the magnificent sum of Rs. 22 lakhs and 50 thousand. Out of that Rs. 22 lakhs, Rs. 17½ lakhs went to the ordinary shareholders of Rs. 5 crores and we, the general taxpayers, who had invested Rs. 20 crores from borrowed capital in the shape of Rs. 5 crores for the reserve fund and Rs. 15 crores in repayment of rupees returned to ourselves. We have invested Rs. 20 crores and we got Rs. 4,71,000 last year.

THE HONOURABLE SIR JEREMY RAISMAN: The payment for Rs. 15 crores presented back to us in the form of rupee coins is not an investment. It is only meeting your ordinary obligations.

THE HONOURABLE MR. HOSSAIN IMAM: We get a dead asset and in return for that we pay a live asset on which we have to pay interest to the Reserve Bank.

THE HONOURABLE SIR JEREMY RAISMAN: We pocketed the profit once.

THE HONOURABLE MR. HOSSAIN IMAM: We pocketed the profit once. We had contributed out of 40 millions sterling of the Gold Standard Reserve nearly Rs. 40 crores to the bank already on the day it was formed.

Sir, I was referring to the fact that in the year that has just concluded the Reserve Bank is going to pay us Rs. 4 lakhs and 71 thousand—a magnificent profit of a quarter of 1 per cent. from the best managed institution that India has got! If you compare it with the return of the Imperial Bank, you will find that they are able to pay their shareholders 12 per cent. on their invested capital. But why does it happen? Formerly the Government was able to invest its assets on longer-dated securities, whereas now a fetish has been made of its liquidity and in the portfolio of the Reserve Bank you do not have any security of the British Government of a currency of more than five years—or I think it is two years, I am not positive, because information is not published in the report which the Reserve Bank gives. The Reserve Bank gives its shareholders a report which deals with everything in India except the management of the Reserve Bank itself.

Last year I had drawn attention to the fact that there had been a greater contraction of currency in India than in any part of the world; and I am glad that this year on account of the pressure of the war they have expanded the currency, but they have expanded it against sterling. The expansion of currency is not dependent on the requirement of the trade, but on the vagaries of the exchange market in sterling. In no country the bank of issue looks down upon its own Government securities so much as the Reserve Bank of India does. The Reserve Bank of India does not contract the volume of its currency by open market operation by purchase and sale of Government securities. Expansion and contraction are co-related to the existence of sterling resources. We have a huge sterling backing of Rs. 136 crores, which is mostly invested either at call in the Bank of England or is held in the form of Treasury Bills of His Majesty's Government. His Majesty's Treasury Bills are available at less than a three-quarter of 1 per cent., whereas we have to

pay more than double that rate for our own accommodation. Although there is more money available in England, to the greater resource of England is added the slender resources of India; but our own resources are not used to make the cheap money available in India itself. I should remind the House that the gold value of the Bank of England has been changed successively from the statutory price to nearly double the price which prevailed in 1931, or, I might say, that it has been overvalued to double the amount of the pre-depression period. Now, the Government of India cannot even think of such a thing. It will be a sort of sacrilegious thing to suggest even that the gold should be revalued. The latest valuation which has been fixed by the Bank of England is 168 shillings per ounce, whereas we are valuing at less than half that value.

THE HONOURABLE SIR JEREMY RAISMAN: Exactly half.

THE HONOURABLE MR. HOSSAIN IMAM: Yes, on 1s. 6d. If the Government of India were to revalue its gold resources, they would have a magnificent sum of Rs. 44 crores available to them, which if used to repatriate our sterling debt would cause a reduction in our expenditure of possibly Rs. 1,75 lakhs or at least Rs. 1,50 lakhs for certain. All the Governments are doing this kind of thing. I do not know why the Government of India alone should stick to the more orthodox tenets of financial integrity of which there are no longer any votaries. I draw the attention of the Government particularly to this aspect, because the sinking fund provision for the last few years has been very much reduced. We were formerly making a provision of Rs. 6 crores for reduction or avoidance of debt. That was reduced to Rs. 3 crores, but in actual practice the provision during the last three accounts years has been less than Rs. 2 crores per year, because of the two years in which we had had deficits. You know when there is a deficit the first charge is on reduction and avoidance of debt to fill up that breach. In reality the provision that has been made was less than Rs. 2 crores per year. The justification for the reduction of the sinking fund was that we were not getting anything from the Railways. Now, this year you have received your full quota, not only your full quota, but you forced the Communications Member to pay you even the arrears of last year. If after all these payments we are not able to do the right thing to treat Burma annuities as a capital receipt, when will you be able to do it? All this has to be done because you are sticking to exploded orthodoxy. If you could revalue your gold holdings you would have an additional income by which you could square up your accounts. I would, therefore, Sir, particularly urge upon the Government the desirability of so amending the Reserve Bank Act that the long-date securities of British Government and Indian Sterling securities could be held in our portfolio. This demand had been voiced once by the Directors of the Reserve Bank as well but it fell on deaf ears.

Sir, the other day, unfortunately due to my absence, a Motion standing in my name about the Woolley Committee Report fell through. Sir, I wanted the Government to give me an opportunity of discussing that on any Government day when there was no work. But the unresponsiveness of the Government continued. They thought perhaps if they gave us time to discuss that Report, we might say things which would upset the Government or might help Hitler! Sir, the Woolley Report was one of those documents which unfortunately received attention neither from the Government nor from the Legislature, nor even from the Press. The Press did not take it up because there was nothing spicy in it. The Government did not take it up because it calls for some expenditure. And the Legislators and the public did not

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take it up because they did not get it. Mention was made of Dr. Gregory's activities. I think if Government had distributed his pamphlets to the Members of the Legislature there would not have been that amount of ignorance about his work that now prevails. Fortunately, I have read his books and appreciated them. Well, Sir, I was referring to the Woolley Report. The burden of that Report was that the Department as at present situated was unable to give direction and therefore to persist without intelligent direction and to continue to work was a misguided zeal. Further, it stated how we should reorganise the Department. Now, if you are spending lakhs of money on a certain department, I do think that as a business man you should see that you get your money's worth; that you get services adequate to your expenses, and if a small bit of expenditure is called for, that should not be grudged. Otherwise all your expenditure is wasted. I do not wish to urge that expenditure should be uneconomic. But I do wish to urge the desirability of not looking at things from a restricted or small point of view. Government should take a long view of the thing and not be anxious to avoid discussion. Discussions and aerations help the Government a great deal.

Sir, I shall now deal with the petrol tax. The petrol tax, Sir, is one on which both kinds of opinion have been expressed in this House, in favour as well as against. My own contribution to its discussion, Sir, is not so much on the equity of taxation or whether it should not have been imposed; but I wish to discuss what has been the action of the Government to control the prices. We have imposed, Sir, a tax of two annas a gallon and on that there has been a hue and cry in the Press and even from the European benches there has been some protest. But no one looked at it when the Burma Shell organisation and the Allied group of oil control raised the price without any justification. The price of petrol at Calcutta was Rs. 1-3-0 a gallon, and the price in Delhi, right up to August was Rs. 1-5-6 or in some places Rs. 1-6-0. Before raising the duty the price had gone up to Rs. 1-5-6 in Calcutta and Rs. 1-11-0 in Delhi. Now, you will understand, Sir, the cost of this rise when I tell you that for each anna rise there is a raid on the consumer's pocket and on the pocket of the Government to the tune of Rs. 173 lakhs per annum. If there is a rise of 4 annas on the average it means a burden of nearly Rs. 3 crores on the consumers and the Government of India, because the Government of India is a fairly big consumer of petrol. Now, Sir, we had all this organisation to control and check the rise in prices of commodities but there was no one to see whether there had been a rise in the price of petrol or note that the rise in the basic price of petrol was nearly 60 per cent. because the petrol price is made up of three items. Ten annas was the duty charged by the Government which has remained constant from the 1st September right up to the 29th February. That item did not rise. The railway freight had also remained stationary and the Department of Mr. Dow had been purchasing millions of gallons of petrol at a higher price without ever bothering to know how much of our money is wasted. Sir, there was a rise in prices in the other countries. I have with me the figures for the United States of America. The prices there rose by 1-5 cents per gallon on pre-war prices and they were not content with this. There was a control and afterwards, from October to December, for the three months for which I could get figures, the price rose from pre-war figure by 1-1 cents, which is 4 cent lower than the figure of September.

THE HONOURABLE DEWAN BAHADUR SIR RAMASWAMI MUDALIAR: I do not wish to interrupt the Honourable Member but I think in my speech on the General Discussion of the Budget I did make our policy of control clear.

At any rate, the Honourable Member may take it that these two commodities are controlled or at any rate have the sanction of the Government of India for the prices that prevail at present. The Honourable Member may rest assured that in my speech tomorrow I shall make the point further clear.

THE HONOURABLE MR. HOSSAIN IMAM: I am very grateful to the Honourable the Commerce Member for having promised to make the point clear, but I was urging upon him for consideration that in America the price clear, but I was urging upon him for consideration that in America the price rise due to the war was checked and brought down, whereas in India there has been no going down. The prices have risen up on account of the war out of all proportion to the increased cost, because as you know the main supply of India comes from Burma and the shipping rates between Burma and India have not materially changed. Further, Sir, I know that there is a Caltex and Shell group but their arrangements with the Burma company is such that the majority of the oil consumed in India comes from the Burma oilfields. I particularly draw attention, Sir, to the fact that this opportunity is not being utilised by the Government to support Indian industries. The United Provinces Legislature had passed an Act for compulsory mixing of power alcohol in the petrol. That Act has not been assented to by the Governor. Bihar and the United Provinces are producers of sugarcane and there they have got surplus molasses which is running waste. At this time when India is in need of petrol and when prices have gone up (the basic prices today are nearly 60 per cent. higher—if you take out from the price of the petrol the item of the railway freight handling and the duty, the price of the commodity at the port on landing is only 8½ annas) you should help power alcohol. On 8½ annas there has been a rise of 5 annas—basic price—and this is a 60 per cent. rise, and that extreme rise, if it had been made available to power alcohol, would have given a fillip to that industry. Formerly we had to base our calculation on the basis of 8 annas per gallon as the price of petrol and now the basis is 13 annas for the price of the petrol.

THE HONOURABLE SIR JEREMY RAISMAN: What is the price of molasses now?

THE HONOURABLE MR. HOSSAIN IMAM: Whatever it might be, it would be better utilised because there is not enough market. The production exceeds the requirements. It is not the question of the price. There is no utility for it. It is the marginal utility which I wish to increase.

THE HONOURABLE SIR JEREMY RAISMAN: Then why has the price gone up so much?

THE HONOURABLE MR. HOSSAIN IMAM: The price might have gone up somewhat because of the general rise in *gur* prices as well as in sugar prices.

A reference was made by Mr. Richardson to the policy to be pursued in giving protection. I am in entire agreement with him in certain respects. I would like to submit to Government for their consideration the point that not only should protection be more liberal, but the element of Government control must also come in. If the community consents to have itself taxed for the benefit of the industry, it has a right to demand a *quid pro quo* in the shape of a better availability of the materials and availability at a smaller price. The burden should not be continuous. If the fundamental principles that have been laid down, Sir, by the Fiscal Commission, of which you were a distinguished member, are to be changed, we demand that they should not be changed overnight and that we, members of the Legislature, should get an opportunity to discuss what should be the future basis. We also want that

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in shaping the future industrial development policy, the requirements of the agriculturist should not be neglected. Agriculturists form 70 per cent. of the population, and it is necessary that they should have an export market and their requirements in this respect should not be lost sight of. Neither should we forget that industries which do not consume the raw material produced at home should not continue to enjoy the protection as the industry of Ahmedabad, which flourishes on foreign imported cotton but has nothing to do with the cotton produced in India itself.

Sir, the Honourable the Finance Member has played his cards so well that he wins both ways—heads you win and tails we loose. He can come to us next year with his hopes fulfilled, or if they do not bear out, even then he can turn on us. He has done everything in his power to give in to Indian opinion and it would be unjust for us to refuse our co-operation to him in our support of the Bill.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I do not want to oppose the Bill, because this is a time when we want that the war should be prosecuted and every help that is possible ought to be given to Government to win the war. But I want to make a few observations and impress on the Government to kindly take some note of what I say and try to meet the public as far as they possibly can.

Sir, the increase of duty on petrol does not correspond with the increased fares and freights on railways. The percentage of rise in passenger fares is 6·25, and in goods fares, 12·50, while the increase of duty on petrol is by 30 per cent. As my Honourable colleagues have said, the difference in the increase should not be so much. We all expected that the increase in the price of petrol will be in proportion to the increase in the rates and fares. People in the rural areas where there are no railway facilities for transport ought to be helped, particularly in times of war, and increase in prices of petrol for the buses which now fill in the gap ought not to be more than 12·5 per cent. now. I hope that the Honourable the Finance Member will reduce the petrol duty to such a level as will not unnecessarily retard and put back the bus traffic and put the public to great inconvenience, especially the public in the rural areas.

As the war is being prosecuted, there has been practically not much increase in Indianization of the Army officers. My friends have already said that the Army Indianization Committee which was appointed last year has been adjourned *sine die*. The public were under the impression that material increase in Indianization will take place and it was a more suitable occasion to comply with the wishes of the public. A great number of people are coming forward to offer their services in the war. Particularly in the Punjab I know that the supply far exceeds the demand, and to refuse the pace of Indianization in the present war is not advisable. Sir, the Indian Army Reserve of Officers, who have offered their services for the war, have, I understand, been replied to by Government saying that they must resign their present Commissions in order to get admitted to the emergency Commissions. The Indian Army Reserve of Officers was meant to be taken in when there was need. I know that a few of these Indian Army Reserve of Officers have been taken, but now they are being refused admission until they resign their previous Commission. I cannot understand why there should be differentiation in these two Commissions. After all, Reserve is meant for war. It means that all the officers who are kept in reserve must put in duty in war. There is a strong feeling of resentment on this decision of the Government. I hope that Government will reconsider their position and let those who have been on the list of Army

Reserve of Officers serve in the war and prove their worth. It is unjust that Army Reserve Officers who have attained the rank of a Captain or a Major should now be asked to resign their Commission and join the emergency Commission as a Second Lieutenant. Is that just? This discourages the people. The war as the rumour goes and as we all anticipate is going to get into its big swing next month. You will be requiring officers and I do not think it is proper to discourage those officers who have been in the Reserve and who have not committed any fault for which they should be penalised at this moment and an injustice thus done to them.

Sir, it is our duty to thank the Honourable Sir Ramaswami Mudaliar, the Commerce Member, for his creation of a Board of Industrial Research. We wish that Government should take up the question of helping the

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establishment of industries particularly for all articles necessary for the prosecution of the war. As is being done in Canada and other Dominions, if the Government like, a factory for the manufacture of aeroplanes and lorries could easily be started in India. I think it is the duty of the Government of India to make India self-contained. Owing to the war even our industries are suffering because we cannot import all the stores that we need. In war it will be to the advantage of the Government that India should be self-contained and able to supply everything required for war. The Honourable Mr. Richardson said that the Honourable the Finance Member gave the right reply in not guaranteeing any amount of percentage of profit for new industries. Why did Government guarantee certain percentage of interest to Companies for Railways? Sir, I know that in the Punjab an industry to manufacture surgical instruments during the last war was founded at Sialkot. The instruments turned out were satisfactory and this concern got large Government orders during the last war. But when the war ended there was no patronage of that industry with the result that the industry collapsed. I hope Government will now see to it that those new industries which are established for the sake of supplying articles for the prosecution of the war will not be allowed to die down. There is a demand for surgical instruments all the year round. It may not be large but it is large enough to keep such an industry going. The Government should see that the supplies are not larger than the demand and take steps to control the establishment of new industries.

Then I come to the question of recruitment for the army in general. My impression has been that the Government had been good enough to open recruitment to all classes, but so far the recruitment from other than the present so-called martial classes has been very meagre. Now the times have changed. You do not require good physique alone. The army is being mechanised. You require people with intellect. If I rightly remember, some of the high army officers are of the opinion that now Government requires intellect and not only physique. Therefore the time is ripe for Government to take in able-bodied intellectuals into the army, and let recruitment be thrown open to all classes, or anyhow to all those classes who were martial before the present new classification was made. People are under the impression that classes who did very well in the army in the past were the first to be scored out. The Government should at this time restore the Viceroy's Commission and thus not penalise even martial classes who did distinguish themselves as well. Such Officers were a very useful link, and the general impression is that Viceroy's Commission was abolished only to find place for the Indian Academy Cadets. The officers who came out from Sandhurst started as Company Officers, as my Honourable friend Pandit Kunzru observed the other day; but now the product of the Indian Academy at Dehra Dun replace Viceroy's Commission and start as Platoon Commanders. Some people say it is an improvement. It is

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a copy of the personnel of officers in a British regiment. I say, Sir, now that the British have been ruling in certain parts of India for the last 200 years, during that time these Viceroy's Commissioned Officers have proved their sterling worth and have won lares. It is just in order that the new Indian Officers from Dehra Dun may not replace the British Officers that this step seems to have been taken. Government have violated their pledge in connection with Indianization of Army Officers as a result of acceptance of certain recommendations of the Skeen Committee. Let that pledge be honoured now. The sooner the Government reconsiders this question the better. There is great resentment about it. The Viceroy's Commissioned Officers served as a link between the sepoys and the officers which a cadet directly recruited cannot satisfactorily fulfil. Of course my lips are closed as far as the evidence of the various army officers summoned before the Army Indianization Committee is concerned, but I can say this, that the present cadets from the Indian Academy at Dehra Dun are being termed dignified Jamadars by the public. As regards their emoluments, I hope the officer representing the Army in the House will now inform me whether I am correct in holding that the Government has agreed to increase their salaries and allowances to bring them on a par with the Indian officers who passed out of Sandhurst, *minus* the overseas allowance.

My friend Mr. Sapru observed that the dignity of this House is not being kept owing to the continued absence of His Excellency the Commander-in-Chief and no officer of the Defence Department being here in the House. Sir, I have great respect for His Excellency and I realise that perhaps he is unable to come owing to highly important duties in his own department. But if His Excellency is too busy to attend himself, there ought to have been some officer representing the Military Department nominated to this House who could have dealt with all the observations relating to the army in the debate today. From what we see, Sir, this is not in keeping with the pledge regarding dignity of this House. I am not taking it as a personal matter. But the dignity of this House demands that when questions regarding the army are being debated some officer from that Department should be present. Even the Honourable Mr. Williams is not here today. That shows, Sir, that the dignity of this House is not being kept. I have observed before in this House that Members of this House are not taken on Joint Select Committees, notwithstanding an assurance by the Leader of this House some time back that Members of this House will be taken into Joint Select Committees. I therefore request our present respected Leader, the Honourable Sir Reginald Maxwell and also you, Sir, to see that the dignity of this House is maintained. It is for the Government to see that this House is regarded and given attention to in the same manner as the other House.

Then, Sir, I come to the question of recruitment of officers. I know many tribes have offered their services in thousands, and my information is that not even two per cent. of such people have been taken, barring so-called martial tribes. I wish Government would appease the feelings of the public by declaring what they really intend to do in this connection. People are getting rather discontented and there has been a great hue and cry from the non-martial tribes and the rumour is that so long as the supply from the martial tribes continues there is no chance of any appreciable recruitment of the present non-martial tribes. I know that in the last war certain classes belonging to the non-martial tribes —

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: Why do you call them martial classes? "Enlisted classes" is the proper expression.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: In case enlisted classes give a better expression of what I mean I will use the word "enlisted". I have not yet been able to find what was the basis of the entry of the various tribes into this enlisted list. I will not mention the name, but there are subadar-majors, risaldar-majors, jamedars and others from what we call the depressed classes who hold the Indian Order of Merit and Distinguished Service Medals.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: When and where?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: One of such officers is a Mirasi. You have forced me to mention the class.

THE HONOURABLE NAWABZADA KURSHID ALI KHAN: It may be an exception.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: By profession he may be a Mirasi, not by class.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That person is a subedar-major holding high distinction and high medal. However, I say that any tribe, given proper training and proper education, will do just as well as the other, barring of course certain very low classes whose common-sense is very very poor.

THE HONOURABLE LT.-COL. SIR HISSAMUDDIN BAHADUR: Will you send your son to serve under the Mirasi?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: My son Rup Chand is an Officer in the Air Force stationed at Iraq and he will certainly serve under any senior officer.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: This is done in the Civil Service.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I might say to my respected friend, Colonel Hissamuddin, that as far as my personal case is concerned, my community even at present is said to be a half-martial tribe, but I hold it a full martial tribe. A number of my relations are holding Kings Commissions in the army as well as Viceroy's Commissions. My own great grandfather was an artillery Commander. That does not mean that any other person from any other community cannot be so. I know that the opinion of the high army officers is that as far as officers are concerned, whether they come from the martial or non-martial classes, they have proved equally capable. Therefore at a time of war the Government should not refuse those people anyhow who offer their lives for the service of the King and the country. I feel it because a number of people who had offered themselves came to me and told me that they were not taken. I know that the war will seriously commence in May and now it is the time for the Government to give encouragement to those who come forward loyally to serve the Government and they ought not to be refused recruitment.

[Rai Bahadur Lala Ram Saran Das.]

I come now to the plight of industries. The Honourable the Finance Member knows that the prices of manufactured goods are going down every day and I think that as the conditions now are his forecast of income from excess profits may be correct. I was under the impression that it was a very low estimate, that it was on the low side. But now I think that as the prices are declining, the figure which he calculates may be safer. The present position of industries, barring two or three industries, is that they were just beginning to revive from the great economic depression have been given a set-back. They ought not to be put in such a position that they may collapse.

The Council then adjourned till Eleven of the Clock on Wednesday, the 3rd April, 1940.

COUNCIL OF STATE.

Wednesday, 3rd April, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Mr. Arthur deCoetlogon Williams (Nominated Official).

THE HONOURABLE MR. A. DE C. WILLIAMS : Sir, I would like to make a personal explanation as regards a point which I understand was raised in the course of the debate yesterday, as regards the representation of the Defence Department in this Council. There is, I think, a little misapprehension as regards this matter. Under the orders of the Governor General, in the absence of His Excellency the Defence Member, I represent the Defence Department in this Council. Unfortunately, I had to be in charge of certain work in another place in consequence of which I ceased to be a Member of this Council. That work quite unexpectedly lasted over yesterday, longer than was anticipated. It was unfortunate ; but it was unforeseen. I can only express my sincere regret that the Defence Department was unrepresented yesterday.

STATEMENTS, ETC., LAID ON THE TABLE.

COMMERCIAL TREATIES AND NOTES AFFECTING INDIA.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I lay on the table a further list of Commercial Treaties and Notes affecting India and also a copy each of the Agreements mentioned in items 1 and 3 of Part II, and of the Anglo-Muscat Commercial Treaty of 1939 which was mentioned in the statement laid on the table on 17th April, 1939.

PART I.

Agreement under which the products of India receive most-favoured-nation treatment on terms of reciprocity.

Countries which are parties to the Agreement.	Date of Agreement.	Nature of Agreement.	Description.	Remarks.
1. United Kingdom and Egypt.	6th and 16th February, 1939.	Exchange of Notes.	Commerce	These Notes provided for the prolongation until February 16, 1940, of the provisional Commercial Agreement concluded between these Governments by the Exchange of Notes dated 5th and 7th June, 1930.

PART II.

Agreement to which India is a party.

Countries which are parties to the Agreement.	Date of Agreement.	Nature of Agreement.	Description.	Remarks.
United Kingdom and Siam (Thailand).	23rd November, 1937.	Treaty	Commerce and Navigation.	The accession of India to this Treaty which has been effected from 28th June, 1939 is subject to the reservation that appointments of Thai (Siamese) Consular Officers of any rank to reside in India should be restricted to seaport towns.
2. United Kingdom and India.	20th March, 1939.	Agreement	Trade and Tariffs.	Nil.
3. United Kingdom and Egypt.	1939	Agreement	Tonnage Measurement.	This Agreement has been applied to India by an Exchange of Notes dated 20th February, 1939.

PART III.

Denunciation of Agreements.

Nil.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways) : Sir, I lay on the table the information promised in reply to question No. 44 asked by the Honourable Pandit Hirday Nath Kunzru on the 6th March, 1940.

NUMBER OF QUARTERS RESERVED FOR SUBORDINATE SUPERVISORY STAFF OF THE RAILWAY WORKSHOPS, LILLOOAH.

- (a) 85 sets.
- (b) 75 are occupied by Europeans and Anglo-Indians and 10 by Indians.
- (c) Quarters are allotted to staff in the following order of priority :—
 - (i) staff eligible for rent-free quarters or house rent in lieu ;
 - (ii) staff required to live near their work and liable to be called out for duty at any time ;
 - (iii) other staff.

(d) The answer to the first part is in the negative. As regards the second part, the allotment of quarters is dependent on quarters being available or the provision of new quarters which are provided under the conditions laid down in para. 1901 of the State Railway Engineering Code, a copy of which is in the Library of the House. House rent allowances are granted if admissible under the rules. I am not aware to what facilities the Honourable Member refers, but Government as a general policy do not now grant advances to its employees for the purpose of building their own houses.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 2nd April, 1940, namely :—

A Bill to amend the Defence of India Act, 1939.

A Bill to make better financial provision for the Imperial Council of Agricultural Research.

A Bill further to amend the Insurance Act, 1938.

MESSAGE FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL : Sir, the following message has been received from the Secretary of the Legislative Assembly :—

" I am directed to inform you that the Legislative Assembly at its meeting held on Tuesday, the 2nd April, 1940, agreed without any amendment to the Bill to amend the Parsi Marriage and Divorce Act, 1936, which was passed by the Council of State at its meeting held on the 4th March, 1940. "

INDIAN FINANCE BILL—continued.

THE HONOURABLE THE PRESIDENT : The further debate on the Finance Bill will now proceed.

THE HONOURABLE SIR RAMUNNI MENON (Nominated Non-Official) : Sir, the debate has covered a wide field and I fully realise that it will be practically impossible at this stage to break fresh ground or to advance any new arguments. Nevertheless, I feel that I shall be rendering some useful service by placing before the Council certain considerations in regard to two or three matters which have been raised in the course of the debate or which can be properly included in its scope. In his speech, the financial part of which, I must confess, was figuratively, as the whole of it was physically, above my head, the Honourable Mr. Hossain Imam referred to an extremely important subject which, as he said and in my opinion, has not received the consideration it is entitled. I refer to the Re-in the Central Legislature or outside to which it is entitled. I refer to the Report on the Archaeological Survey of the Government of India, by Sir Leonard Woolley. It is my misfortune that on this particular subject Mr. Hossain Imam did not on this occasion display his characteristic thoroughness. Probably he was too engrossed with his other subjects to do so ; and I regret this all the more because earlier in the session, when he had planned a leisurely trip to this promising place, he unfortunately missed the last boat and we were placed

[Sir Ramunni Menon.]

in the predicament of not being able to debate an important subject. However, we have to take things as we find them. I am at a loss to know whether Mr. Hossain Imam has come to any conclusions on this Report and what he wants the Government of India to do.

THE HONOURABLE THE PRESIDENT : We are not much concerned with what Mr. Hossain Imam wants the Government to do.

THE HONOURABLE SIR RAMUNNI MENON : No, Sir. I am only referring to it in a general way. But as far as I am able to gather, he seems to think that the Government of India should accept the recommendations of this Report and implement them. If that is his view, I must express my inability to agree with him. Even when it is a Department of the Government that is in the dock, as it undoubtedly is in the present case, I prefer to follow the maxim which is as wise as it is old "*Audi alteram partem*". I should like to know what there is to be said on the other side before I come to any conclusion. I have no doubt something can be said on the other side and I hope whatever has to be said on the other side will be said soon and we shall be placed in possession of it. At the same time I should like to stress one point, and that is that the Government of India should not allow this extremely valuable Report to be shelved. I hope it will proceed with the consideration of it and come to some speedy conclusions on its recommendations. In passing, I must say that the Report is a very severe condemnation of the work of the Archaeological Survey. Whether the condemnation is justified or not is a different matter and I hope we shall be able to know all about it in course of time. And before the Government comes to any final conclusions on the matter I suggest that it should take into consultation the Universities and other interested bodies, and if necessary, other experts also. As you have warned me, Sir, I shall not trespass on your patience by entering into further details on the subject.

THE HONOURABLE MR. HOSSAIN IMAM : Would you not like the House to discuss it ?

THE HONOURABLE SIR RAMUNNI MENON : That is for the President to decide.

Several Honourable Members made references to the expectations that have been raised by certain recent pronouncements by the Honourable the Commerce Member. I share those expectations myself. I should like to see all endeavours being made to promote new industries and to expand existing ones. I have a special reason in hoping for this achievement because I feel that the increased opportunities which such measures will provide for the employment of educated Indians who are now resting in enforced idleness will be most welcome.

In the course of his interesting speech, the Honourable Mr. Richardson made the suggestion that the Government should, in the case of protected industries, not rest satisfied with granting protection from foreign competition but should take steps which will have the effect of checking, if not absolutely preventing, internal competition also, or as he called it, unhealthy internal competition. I admit that he worded his suggestion in unexceptionable language. But I have been wondering what the suggestion would come to in practice. In practice it can only mean one thing, that the Government should intervene in some effective way to stop internal competition. Whether competition is healthy or not is a question which is likely to be viewed from different points of view by different interests. The industrialist will view that

question from his point of view and the general consumer will view it from his point of view. I have no particular objection to any salutary measures being adopted for the encouragement of industries. But I would like to stress that there is a point of view which is not often, or sufficiently, heard mentioned in this place in our general discussion on industrial matters, and that is the point of view of the consumer. Take the case of a protected industry. The consumer obviously will be paying a very high price for the protection, and if in addition to the protection you are stopping internal competition also, how can he feel satisfied ? Why should the State intervene and deprive the consumer of the benefits which internal competition will bring to him ? The considerations which I have in mind can be put in the form of a few questions. One question I have already stated. Others can be framed thus : what is there, if you remove internal competition, to ensure efficiency or to encourage improved methods of production and management ? Then again, what is the assurance—can any body be certain—that the pioneers who start an industry are the best people to do so ? Further, what is the guarantee that the first locality of an industry is the ideal locality ? Take, for instance, the case of sugar which was particularly mentioned. Why should Madras be deprived of the chance, the opportunity, of starting a new sugar factory in the Presidency if it chooses to do so ? Take paper. Why should any part of the Madras Presidency be prevented ? These are considerations which are perfectly valid on their intrinsic merits. But, apart from their own merits, there is a further question to be considered ; whether the autonomous provinces will be prepared to sit quietly when the Government of India intervenes in matters of this kind.

I have only thrown out what appeared to me certain considerations which it is obviously necessary to bear in mind when we are considering the subject of protection. I am aware that in our present Commerce Member we have a man of knowledge, understanding and sympathy and we can all feel assured that he will give this subject the most sympathetic and careful consideration.

Now I come to the specific proposals of new taxation which are contained in the present Finance Bill. Among the general arguments which have figured in the discussions centering round these taxation proposals there is one which, owing to its general currency and its frequent repetition in this Council and in another place, deserves at least a passing notice, if for no other reason than to point out its unsoundness. That argument is based on the consideration that equity requires a just apportionment of the financial burden created by the war between the present generation and posterity. The argument is based on certain assumptions ; that it is possible to distribute the burdens and benefits of war between the present generation and posterity, and further that raising money by taxation is to place a burden on the present generation and to exact a sacrifice from it, whereas raising money by borrowing places a burden on posterity and exacts a sacrifice from posterity. I am not an economist and I have no desire to appear learned. But it is pertinent to state that economists have repeatedly pointed out the fallacy of this argument. A recent, and a very clear, exposition of the true position will be found in one of the latest Oxford pamphlets on World Affairs—the pamphlet on *Paying for the War*, which is written by the editor of the *Economist*. It has been pointed out that whether you raise money by taxation or by loan today, the incidence is upon the present generation. It is out of the income of the present generation that this money comes, and to that extent it is the present generation that makes the sacrifice. Whether on any particular occasion we should raise money by taxation or by loan is a question which has to be decided on the merits of the case and on the circumstances which prevail at the time. I think the Honourable the Finance Member and the Honourable the Finance Secretary

[Sir Ramunni Menon.]

have given very cogent reasons for resorting to taxation to raise the funds required today. In regard to the taxes on sugar and petrol both of them have supplied equally convincing arguments, and in particular I would like to mention the point which the Honourable the Finance Member mentioned in one of his speeches, namely, that sugar in all countries is a very important vehicle for a high tax. In these circumstances I have no hesitation whatever in giving my whole-hearted support to the proposals contained in the Finance Bill.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) : Mr. President, this is the first time during the last three years of my membership of this Council that a Finance Bill has come to us in a non-certified form, and consequently is found to be comparatively freer from the odour of autocracy about it. This Bill has also had a better reception in this House than two of its predecessors whose passage I have had occasion to witness. I attach two reasons to that. In the first place there is the war. No one wants to embarrass the Government seriously, whatever may be the differences or points of discord. Secondly, the present Finance Member has been more considerate of public opinion and public sentiment than had been our experience with his predecessors during the last few years. Even with regard to this Bill the Finance Member made a substantial concession by agreeing to enhance the duty on sugar only with effect from the manufacture made after the 1st March, 1940. Sir, although I do not oppose this excess duty, because I know that extra money has got to be found to balance the Budget, yet I would like to clear a misconception which I find has been lingering in the minds of some Honourable Members who think too placidly that this burden of enhancement will fall only on the millowner, that is the manufacturer. It will have to be shared by the agriculturist also because the enhancement of duty is bound to depress the price of sugarcane. Sir, I heard some members talking of the agriculturist and the industrialist as if they were two antagonistic or competitive forces. This to my mind is a wholly wrong conception of the national economics of a country. The grower of raw produce and the manufacturer of finished materials are complimentary to each other. The manufacturer of sugar must see that the cultivation of sugarcane continues to be a paying business for the cultivator before he can hope to get an adequate supply of cane to crush. The agriculturist on the other hand must learn to be content with a reasonable price so as to enable the manufacturer to find a market for his sugar. A high excise duty, however, does not help this way or that. It depresses the price of the raw material, makes it difficult for the finished product to find a market, and also hits the consumer. The only consolation one can derive from it is that the general taxpayer is relieved of direct taxation in some proportion. It is however now time to cry "halt", so that the burden on sugar may not become intolerable. I say so particularly because in some provinces—I know it is so in my province—that taxes on the same commodity emanate from two sources—Central as well as Provincial. Whereas the Central Government taxes sugar, the Provincial Government taxes sugarcane. In no sphere is there more need for co-ordination than in a scheme of taxation, and I feel, Sir, that there should be a better and more effective co-ordination between the Central Government and the Provinces so far as taxation is concerned. The case of petrol is in no way different in this respect. We have the Central excise and we have the Provincial tax. Double taxation on the same commodity makes the poor man's lot difficult. The cost of his living and transport become such as he cannot afford, and particularly when he finds that transport facilities are made expensive.

I have noticed, Sir, that whenever the Finance Bill comes up for discussion most of the time is devoted by Honourable Members to the discussion of the Defence policy of the Government of India. The interest that this House and the other House take in Defence matters is evidenced by the large number of Resolutions and other Motions brought up by Members regarding the nationalization of the army and the Indianization of the officer ranks. The growth of interest on this question is natural and worthy of the vigilance of a Legislature composed mainly of Indians who have an enlightened sense of what the national aspirations of India must be and the important responsibilities that this country must expeditiously assume. India has rapidly gained in political consciousness during the last few years and it is now clear that the Indian will not tolerate domination very long. The status of this country is going to change soon. India will rise to her full stature as a self-governing nation within the British Commonwealth if possible, or outside it if necessary. There is no use mistaking the signs of coming events. Let us like wise men, therefore, so forestall and shape things that a greater measure of reliance, a greater measure of understanding and confidence are fostered between England and India than seem to be in evidence today on the question of giving the Indian his due place in his own country. In this connection the question that we view of the first magnitude is that of making the defence forces of this country completely manned and officered by Indians. The Indian Army has, truly speaking, three functions. It is readily and conveniently available to Britain to fight its imperialistic battles. It affords a free training ground for British soldiers in India. And, finally, it is an army of occupation in this country to hold the Indian down. The reluctance of the Government to make the Army wholly Indian is due to the fact that Indianization does not suit the present purposes of the Army. How can then a country be proud of an army in the direction and shaping of which the nationals of that country have a very subordinate position? The Honourable Mr. Parker, who I am sorry is not here just now, seemed to suggest that the emergency—the war—must take precedence over what he termed to be reforms in the matter of defence. I hold, Sir, a different view. Reforms in defence must be undertaken, if they are to be any use at all, when there is an emergency. The present is the most opportune moment to announce defence reforms and to undertake them as early as possible. I cannot see how the present emergency is going to stand in the way of considering the problem of training Indians for the defence of the country. I feel, Sir, that the very fact that there is this emergency should make Government feel the necessity of taking greater interest in the question and making arrangements for imparting the necessary training to the Indian. The old army is not much use either at the present time, now that the wars are fought by mechanised units. Proper arrangements on a satisfactory scale should be made to train the Indian in the work of defence. That proper type of Indians are not available to take to the army as a career is an exploded myth. No one has the patience to hear it any longer. Then, Sir, there is the advantage and possibility of reducing the expenditure on the army if the army is nationalized, if Indian soldiers replace the British soldiers. The British soldier costs about four times more than the Indian soldier. Then, the Indian soldier is quite as good a soldier as his British brother and in addition to that is better fitted to stay in Indian conditions. It is too late in the day, Sir, for one to be seriously required to argue a case for making the army truly Indian—Indian in command, Indian in personnel and Indian in outlook. But, Sir, the case has all the same to be repeated each year. I have myself done so thrice. Repetition is agitation, and perhaps the only form of agitation constitutionally permissible to a legislator. But on the question of Indianizing the Army we seem to be dealing blows on water which receives no impression. The Defence

[Rai Bahadur Sri Narain Mahtha.]

Department attaches no value to the opinions we hold and generally, although it is not the case today, it does not feel the necessity of sending any representative to enlighten us on anything. This is the age of responsive co-operation. The Government will get only that measure of co-operation and help which they themselves offer. The Indian now chooses to look on everything only from one point of view and that is, what has been done or is being done to improve his status in his own country, and in that respect the record of the Government of India is not very satisfactory and that of the Defence Department is the blackest.

On an occasion like this one would like to refer to the question of high salaries, how they are unsuited to the slender resources of this country. But I would not do so today as I had recently the occasion to refer to them in connection with the General Budget.

Lastly, Sir, when one turns over the pages of the Finance Bill one reaches with regret the postal rates, to discover that hardy annual, the post card. The Postal Department is running at a profit but even then one does not know when after all the poor man is going to get his half-anna post card back. We are all, however, proud of the able management of the Postal Department by Sir Gurnath Bewoor and hope that he will some day soon be so able to arrange things as to see that the post card rate is reduced from 3 pice to 2 pice.

One word about control of prices and I have done. I shall confine myself on this question to a suggestion regarding the prices of agricultural produce only. The agriculturist had a bad time during the last 10 years. Today he is buying all his requirements including agricultural implements and bullocks at high prices. I would like to suggest to Government, therefore, that there should be no interference with the rise of prices of agricultural produce unless prices show a tendency to rise higher than the level that was reached in 1928, which was just a good normal year.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir, it is very gratifying indeed to find that some relief has been given to the sugar industry by way of excluding imposition of excess excise duty on sugar produced on or before 29th February last.

Sir, by this concession the Honourable the Finance Member has not only won the praise and confidence of the Indian industrialists and the public but has also confirmed us in the belief that his regime as the Finance Member will be a period of smooth and peaceful piloting of future budgetary measures. The adroit and masterly way in which he handled the Excess Profits Tax Bill and the various modifications in almost all the important clauses of the Bill to which he consented, leave no doubt in our minds of the wealth of tact and ability which he possesses.

Let us hope that the present clouded atmosphere will clear up soon and the tax payers of India will not be called upon to bear any further burden.

In my speech on the General Budget, I made it clear that enhanced duty on petrol was a necessary sequence of the rise in railway freights and rates and I was glad to find my Honourable friend Mr. Sapru, voicing my views in the vehement speech which he made yesterday.

As for the rise in the excise duty on sugar, I need not repeat what I said then. I only wish to emphasise the fact that it is far from truism to say that the rise in the excise duty on white sugar will not affect the poorer people.

In conclusion, Sir, I wish to express my full agreement with my Leader in the view that in times like these, the Defence Department should not stick to the nomenclature of martial and non-martial races in the matter of recruitment to the army. When men are forthcoming and are offering their services for the defence of the country and for the accomplishment of the war aims of the British and their Allies, they should not be refused because they do not come under the coined category of martial people. Able-bodied men and the men of right type should be freely recruited even if they do not come under the category "enlisted class"—the new definition given by my Honourable friend Colonel Hissamuddin. Attempts must be made to greatly extend the scope of employment of Indians both in the higher ranks as well as in the common rank of soldiers. When after the end of present hostilities, India is likely to have Dominion Status of the Westminster variety, it would be fit and proper to take them into confidence in the matter of defence of their country and to give them the proper and necessary training.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, no country can escape the troubles and turmoils when Europe is engaged in such a big war. India, whether she was consulted or not, has been made a belligerent country and the result is that India has to suffer and make sacrifices to the utmost for carrying on this war to a successful issue. Sir, we sympathise with the powers of democracy. We want that Hitlerism should be defeated and we want that democracy should come out successful in this war. But, Sir, India also desires that she must be made competent and fit by her rulers to take an active part and to give whatever support it is possible for her to give in these conditions. India has to undergo a strain of taxation and, whether one agrees to it or not, she will have to bear her share of the burden in this matter owing to the expenditure that has to be incurred on account of war conditions. Sir, there may be an honest difference of opinion about the particular method of taxation. The economists may differ among themselves but as I say she cannot escape this strain at this time. But, Sir, according to me, there is a certain limit. As I read in today's morning paper, even the financial experts of England are thinking of finding out other measures as they think that the rich people in England have been taxed to the utmost, the limit has been reached, and they therefore want to find out some other method of taxation to raise funds in England. Sir, in India during the last 15 years industries have been taxed to their utmost limit. Let us take the case of the sugar industry, Sir, which is the subject of taxation under the present measure. This industry flourished because we gave protection to the industry in 1931. In 1934 we imposed an excise duty and again in 1937 the excise duty was increased and the quantum of protection was diminished and now, Sir, again we have before us a measure for saddling the industry with further taxation. As I said the other day, Sir, the industrialists are the best judges in the matter whether further taxation would retard the progress of the industry or not. From the speeches that I have heard yesterday and today, I find, Sir, that even the agriculturists would have to pay and would have to suffer a burden on account of this excise duty. A premier landholder of India, our colleague, the Maharajahdhiraja of Darbhanga, yesterday told us that the tax will ultimately fall on land and therefore you ought to increase the taxing capacity of the land so that the land should bear the tax without any strain. My friends from Bihar and the United Provinces told us that this industry has been subjected to double taxation, provincial as well as central, and the price of cane has gone down on account of provincial taxation. I have no experience in my province about this industry, Sir, but from the speeches made I can safely come to the conclusion that this tax is going to burden the grower also,

[Mr. V. V. Kalikar.]

not to speak of the consumer. The growers will also feel the strain of this burden. Under the circumstances, Sir, I think that other measures of taxation should have been found out by the financial experts of the Government of India so that agriculturist may not suffer.

Then let us take the case of petrol. Petrol, Sir, is a commodity which now-a-days can no longer be called a luxury. In India we have got such vast distances where for want of railroad the agriculturists resort to this sort of transport for taking their produce to the markets as well as to the ports. This industry also has been taxed by the Provincial Government as well as by the Central Government. I am afraid further taxation of this industry may not bring into operation the law of diminishing returns. This industry has already been taxed in the form of the increase of freight rates by the railways. This industry is being taxed by the Provincial Governments and also by the municipalities. If, Sir, the industrialists think that this industry will not suffer and the rates will not be increased by the management who carry on the business of transport, then certainly I have no objection, but if they are going to increase the rates and if the poor agriculturists have to suffer the brunt, then, Sir, I certainly think that this measure ought not to have been brought forward.

Sir, in discussing this Bill, I want to register my protest about one thing and that is the modification of the Niemeyer Award. Sir, I think the action of the Government of India in getting an Order in Council passed to modify this Award at this time was very inopportune. I do not consider in terms of money about this Award. The Provincial Governments will, no doubt, lose something, but I consider it as an encroachment on provincial autonomy by the Central Government. We know to our great dissatisfaction that in seven provinces the Constitution is not working. I submit that Government ought to have thought twice before placing any further obstruction in the way of an amicable settlement of that issue, which even now many people have not lost hopes of bringing about. This issue is of very great importance, not from the point of view of monetary gain to the provinces or to the Centre but from the constitutional point of view. Sir, it is very unfortunate that the Constitution is not working in seven provinces. We, who do not see eye to eye with the majority political party in India, still desire that the Constitution ought to be worked, and we therefore think that the Government committed a very grave mistake at this particular moment.

Sir, I want to say a word about the policy of the Government of India in connection with the defence of India. On this point, this side of the House has moved many Resolutions and has been discussing the subject for a very long time. We find to our great regret that the Government, whether it be the Government of India or the British Government, have not yet been able to change their attitude. If, as I said in the beginning, you want our help in carrying this war to a successful issue, if you desire that India should give you help in men, money and material, it is your bounden duty to see that the people of India are prepared for the arduous task. You cannot in one breath say, "Give us money, men and material" and in another breath not give us facilities to provide you with men, money and material.

We have often referred to the question of the Indianization of the officer ranks of the army and of the nationalisation of the army in India, and I do not want to take up the time of the House by repeating the arguments. But I submit that if the old orthodox policy followed by the Defence Department is not given up at this time, it will not create that short of enthusiasm amongst

Indians which we all desire should be created and we want that it should be used not only for the defence of India but also for the defence of the Commonwealth. I am one of those who want to retain the connection of India with England. But you cannot retain that connection if you carry on with your orthodox policy. Please take us into your confidence and then no Hitler or anybody else in the world can raise an eye against you. This is the exact time when the Defence Department ought to change its attitude in this matter. I am anxious to hear something from the Honourable the Commerce Member about the steps the Government of India are going to take for making industrial development a success in this country and therefore, Sir, I do not want further to take up the time of the House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, this Bill raises important financial and economic questions but the larger questions of policy which lie behind it overshadow all other questions today. Had the times been normal I would have practically confined myself to the consideration of those important financial and economic issues to which the Budget invites our attention. But I confess that my interest today is much more in the larger question of policy than in those concrete financial and economic questions which the Budget raises. Nevertheless, I shall say briefly something about them before I pass on to the consideration of the question of policy.

I should like to deal first with the question of the sugar excise. I recognise the conciliatory attitude adopted by the Honourable the Finance Member in the other House in exempting sugar produced up to the 29th February from the new tax. But the matter does not end there. This excise duty has been levied because of the expenditure necessitated by the war. But I think we may be certain that it will not be taken off even when the war is over. At the present rate of about Rs. 60 per ton, Government will get about Rs. 6 crores of revenue from the excise duty, if the annual production of sugar in this country is a million tons. It is thus obvious that they will, by means of this duty, recover practically all that the import duty on sugar was yielding before protection was thought of,—at any rate what it was yielding in the years 1926-27 and 1927-28.

THE HONOURABLE MR. HOSSAIN IMAM : It went up to Rs. 10 crores.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That was under special conditions. It went up in connection with the Budget of 1930-31 when the import duty was considerably raised and when it was apparent that Sir George Schuster would be compelled to follow a protective policy. That is why I did not take the years 1930-31 and 1931-32 into account. However, the years to which I have drawn attention will show that the yield that may be expected in a normal year in future will be about what Government was getting then.

Now, how is the increase of Rs. 2 crores annually in the excise duty going to be realised ? On whose shoulders is this tax going to fall ? Sir James

Grigg used to maintain that it would fall entirely on the manufacturer. We were never able to share his opinion.

But so far as this year is concerned I think we can show conclusively that the burden is being borne by the agriculturist. When the duty was announced the price per maund of cane was Re. 0-9-9. It was reduced a few days later to 9 annas. I think the new price came into force on the 3rd March. It has been further reduced by a pice and it has been Re. 0-8-9, I understand, since the 1st April. It is thus clear that the new duty has led to a decrease in the

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price per maund of cane from Re. 0-9-9 to Re. 0-8-9. As the incidence of the duty per maund will be about Re. 0-11-9 it is clear that the reduction in the price of cane is accounted for entirely by the excise duty. This is, Sir, the result—

THE HONOURABLE SIR JEREMY RAISMAN : What will the Honourable Member say if the price of cane has to be further reduced ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I am coming to that point ; I have not yet finished. I must not be supposed, Sir, to mean from what I have said that I want the price of sugar to remain at its present level. I know—and here I agree with what the Honourable the Finance Member said in the other House—that the difficulties of the sugar manufacturers have been due to the fact that the price of sugar has been artificially enhanced. On account of the price fixed by the United Provinces Government the price paid to the cultivator is increased when there is an increase in the price of sugar. This seems to be fair but it leads to a further increase in the price of sugar. Things are thus moving in a vicious circle and if no remedy is found for the present state of things I cannot contemplate with equanimity the future of the sugar industry. The high prices of sugar have led already to a decrease in its consumption and if they continue there can be no hope that the consumption of sugar will go up. It is absolutely necessary therefore that this matter should be taken in hand and settled amicably and on equitable lines as early as possible.

The whole country is interested in the sugar industry. It is a source of benefit to the agriculturist also whose interests we have always to watch over. It is an important source of revenue to the Provincial Government. In fact one of the principal reasons for protecting sugar was that it would improve the financial position of Provincial Governments. And finally the Central Government too has a large and direct interest in its prosperity. Things should not therefore be allowed to remain as they are at the present time. I know that the subject is primarily provincial, but in view of the magnitude of the interests at stake and the direct interest of the Central Government in the matter, I do not think that the Central Government can afford to stand aside and say, "We must leave the question to be solved satisfactorily either by the manufacturers or by the manufacturers and the Provincial Governments." That was the attitude of Sir James Grigg ; that attitude we never approved of. When after imposing the excise duty he came before us and claimed that the duty had led to an improvement in the position of the sugar industry and had compelled the manufacturers to put their house in order, we were unable to accept his opinion. We felt that such improvement as was visible was due to the initiative taken by the Governments of the United Provinces and Bihar. Unfortunately the interests concerned and these Governments have not been able to settle matters on a satisfactory basis. I think therefore that it is time that the Government of India interested themselves in the question and fixed the price of sugar on an equitable basis excluding from the price the incidence of the excise duty per maund.

There is another reason, Sir, also why I seriously direct the attention of the Central Government to this important question. The welfare of no small number of agriculturists depends today on the flourishing condition of the sugar industry. If, however, the present prices lead to a decrease in the consumption of sugar, as they have done and are bound still more to do in future, it is obvious that the agriculturist will be seriously affected. Besides if

the present prices are uneconomic and have to be reduced with a consequent reduction in the price for sugarcane, the sooner steps are taken to deal with the matter the better. The position is already difficult and if you let things drift for a year or two, any alteration in the price of cane to the detriment of the cultivator will produce undesirable results not only from the economic point of view but also from the political point of view. It is necessary therefore that the Central Government realising their duty should bring all the interests together and use their good offices to settle the question on a basis equitable to all the interests concerned.

Sir, there is only one more point that I should like to deal with in passing in connection with the specific questions raised by the Budget. That concerns the manufacture of power alcohol from molasses. Now, as my Honourable friend Sir Jeremy Raisman knows, this subject received the attention of the Legislature more than once in the past and I know that it was also considered either by the Imperial Council of Agricultural Research or by one of its Sub-Committees. We, however, never came to know what the result of the investigation set up by the Imperial Council of Agricultural Research was. When I asked for information on this subject it was some brief and jejune resolution passed by the Council or by one of its sub-committees that was pointed out to me, but I could never get the proceedings of the body that had considered this matter and could never come to know what were the reasons owing to which the question was not being taken up. Well, matters were in that position when Provincial Autonomy came into force on the 1st April, 1937. Some Provincial Governments, taking advantage of their new position, appointed committees to consider this matter. I understand that all Provincial Committees did not hold the same view but I have no definite information on the subject. I know, however, that the committee set up by the Government of the United Provinces, which was a representative one, reported in favour of the manufacture of power alcohol from molasses and I think it was also pointed out that this was being done in the State of Mysore. A Bill was passed on the subject before the United Provinces Ministry resigned. But, I understand, that the Bill has not yet received the assent either of the Governor or of the Governor General. It may be allowed to lapse. Now, I should like to know what the policy of Government in this connection is. It is all very well for them to raise new taxation whenever they require money but is it not equally their duty to take the wider economic interests of the country into consideration and, while they are imposing taxation, to create conditions which would lead to a further extension of the transport industry which in some of its aspects will have an important bearing on the moving of agricultural produce from villages? I hope that my Honourable friend the Finance Member will be able to give us some information with regard to the attitude of the Government on this question. It may be that, if this question is taken up now, it will have an adverse effect on the financial position of the Government of India but I confess I have no clear ideas on the subject. This is one more reason why I ask the Honourable Sir Jeremy Raisman to lay the full facts of the situation before us.

THE HONOURABLE MR. HOSSAIN IMAM : It will cause no loss to the Government.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Well, that is if taxation is imposed on it. I do not know if it will then be more economical than petrol is at the present time, but I suppose it will be so. In any case, it is not my desire that Government in encouraging the production of power alcohol from molasses should exempt it from any duty that may be considered suitable.

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Apart from this, Sir, the other considerations on which my Honourable friend Mr. Hossain Imam laid stress yesterday are also relevant to the consideration of this matter. I therefore once more request the Honourable the Finance Member to enlighten us on the subject.

And now, Sir, I shall pass on to those larger questions which I have already said interest me much more than those that I have hitherto discussed. Now, the first question of policy that I shall discuss relates to the future industrial development of the country. I congratulate the Government of India, and my Honourable friend Sir Ramaswami Mudaliar in particular, on the establishment of the Scientific and Industrial Research Board. The Government of India, or rather the Finance Member, is going to place Rs. 5 lakhs at the disposal of the Board for carrying on its activities. This naturally reminds us of the position of the Imperial Council of Agriculture which is also receiving the same amount of help, but the position of this Council, while it may convey useful lessons to us, should also serve in part as a warning to us. This Council has undoubtedly done valuable work but it has been concerned mostly with research work which unfortunately has not generally speaking been brought within reach of the cultivator. However valuable the results of its investigations may be, the cultivator cannot search for them in the bulletins that are written in English. I hope this mistake will not be repeated in the case of the Scientific and Industrial Research Board. What I mean to say is that, while research is important, extremely important, the development of industries, the taking of practical steps for the expansion of existing, and the starting of new, industries should be regarded as an equally important duty of the Board. I know that this question has not been neglected by the Honourable the Commerce Member. The communique that has been issued with regard to the composition and duties of the Board makes it clear that the Board is not intended to be a purely research body. We have also to take into account, in addition to the establishment of the Research Board, the speech delivered by my Honourable friend, Sir Ramaswami Mudaliar, in the Legislative Assembly on the 12th March. I had only a summary of this speech before me when I spoke on this subject in connection with the debate on the Excess Profits Bill. Since then, I have received the proceedings of the Assembly of the 12th March and have been able to read the Honourable Member's speech in full. His speech carries the matter much further than the communique relating to the establishment of the Board. But, if I raise a discussion still, it is to refer to certain matters which, though they may be implied in what has been said by the Honourable Member or might be in his mind, have not been specifically referred to.

Sir, when the Board was established, my mind went back to Sir Arthur Salter's Report on Economic Advisory Councils, and I brushed up my memory by referring to certain portions of the Report the other day. Sir Arthur Salter, while discussing the problems that would need to be examined by the Economic Advisory Councils recommended by him when they were established, gave two instances of problems requiring investigation of a more extended character. The first problem was—and here I quote from the Report—

“that of drawing up in main outline a general plan of India's economic and industrial development in the next few decades as some guide to the direction of State policy”.

This task was attempted in part by the Indian Industrial Commission. In Chapter IV of its Report it considers some of the most important industrial deficiencies of India but it concerns itself in that Chapter with what it calls

the key industries—the manufacture of machinery and the engineering in industries. It will be evident to any one who acquaints himself with the constitution of the Industrial Board and with the speech delivered by my Honourable friend Sir Ramaswami Mudaliar that he had the recommendations contained in these reports before him when he established the Board. The very composition of the Board shows, to my mind, that the recommendation made by Sir Arthur Salter with regard to the composition of Economic Advisory Councils has been borne in mind, of course within the limits set by the special circumstances created by the War. The Board contains not merely research workers but also practical business men. Apart from this, my Honourable friend stated the other day in the Assembly three main propositions in connection with the future attitude of the Government of India towards industrial development. He said in respect of the establishment of industries encouraged by the Government of India that they were determined that these industries should not be left to their fate after the war, thus assuring us that the situation that arose after the Great War of 1914-18 would not be allowed to be repeated. The second statement that he made was that he was engaged in an active examination of those industries which require to be developed either for the prosecution of the war or to make up the more important deficiencies in respect of key industries as disclosed by the reduction of imports on account of the war. The last statement that he made was that the ideas of Government were running “on the lines of making a little liberalisation in the conditions of the Fiscal Commission, so as to encourage the production of those commodities which we feel essential for our war needs”. The Honourable Member's assurances are of a far reaching character and I heartily welcome them. But I respectfully suggest that more stress should be laid on the need for drawing up a plan in accordance with which the activities of the Industrial and Research Board should be carried on. Further, in drawing up this plan, attention should not be paid only to the key industries. We should also take advantage of the present position to expand existing industries and to create new industries, whether they be large or small and whether they be war industries or key industries or not. I mention this last point because the Commerce Member has so far spoken either of the industries needed in connection with the war or of the key industries. I suggest that the wider aspect to which I have drawn attention may be quite important as those aspects which have already received the consideration of my Honourable friend. I hope that the war would not last a very long time. We have, therefore, to bear in mind that if we want to do anything practical, we must lay our plans in such a way that they may materialise in the course of the next four or five years. Yet, I think that a wider examination of the kind I have suggested will not be without its value and that it will be a useful guide not merely at the present time but hereafter also.

The second question to which I wish to refer in this connection seems to me to be of even greater importance. The Honourable the Commerce Member has already spoken of the desire of the Government to relax a little the conditions laid down by the Fiscal Commission. I do not know what exactly he has in mind. He might have been more cautious in choosing his words than he intended to be in his actions. I should be very glad if he could give us an indication of the lines on which the relaxation of which he spoke is going to be made. But there are two points that I venture to bring to his attention in this connection. One is that the position of the world is such that the economic postulates on which the Fiscal Commission based its work no longer hold good. It is notorious that almost every country has built up a high economic wall round itself. If therefore we stick strictly to the policy laid down by the Fiscal Commission, we shall be the only country that will suffer

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because of the adoption of a liberal policy in the present situation. I am not in favour of increasing restrictions unduly. I should be very glad if the world were to return to a saner mood and allowed a freer outflow of the goods produced in different countries. But we have to take account of facts as they are and to provide for our welfare in the situation in which we find ourselves. Secondly, Sir, the supply of raw material in the country on which the Fiscal Commission laid so much stress does not seem to me to be a vital point. If it were necessary for the success of an industry that its raw material should be found in the country in which it was functioning, then neither England nor Japan could be a big industrial country in many respects; yet both of them are industrially great; they can get their raw material cheaply from other countries. I see no reason why a different policy should be followed here. I shall be told that I am probably forgetting that it will not be easy to get raw materials for any industry at the present time. I bear that fully in mind, Sir. Nevertheless, if we revise our ideas in this connection now it may lead to a reconsideration of policy and giving a stimulus to industrial development.

Lastly, Sir, I should like to ask my Honourable friend Sir Ramaswami Mudaliar what would be the relation between the Scientific and Industrial Research Board and the Industrial Research Bureau which was set up five or six years ago. Anyone who reads the report of this Bureau will see that its activities and the principles that underlie it are of much the same character as those which apply to the Board. In fact it seems to me that the Board is really an extended application of the ideas on which the Industrial Research Bureau was based. I am therefore anxious to know what would be the position of the Industrial Research Bureau. Will it continue to function, will it remain independent or will its staff become a part of the staff of the new Research Board. The duties of the Research Bureau and the Board are so similar that I doubt whether the co-ordination of activities which is to result from the supervision of the Industrial Research Board would be quite enough in the case of the Bureau.

Now, Sir, I shall say a few words about another question which is of even greater importance than industrial development. We are frequently reminded that a war which will have far-reaching consequences on the fate of the world is going on and that it is incumbent on us as lovers of democracy and human freedom to set aside all smaller questions and to concentrate our attention on the settlement of those issues on which the future welfare of the world depends. I realise the sincerity of that appeal and I respond to it in a measure. Government know—and know better than anybody else—what sympathy they received from the country at large when the European war broke out. They must have been surprised by the ideological support that they received even from quarters which are not supposed to be friendly to them. I submit therefore that we have not failed in taking into full account the gravity of the issues that call urgently for settlement at the present time. I fear that it is Government that have failed in their duty to mobilise the large volume of public sentiment that existed and still exists in their favour in the country. Government spokesmen will doubtless say that the charge is not well founded, because the authorities have made it clear that they look forward to the achievement of Dominion Status by India within the shortest possible period of time. That announcement of policy has certainly been made, but if it is to be realised concrete steps must be taken to show to the country at large that the promise made by Government is going to be implemented in the near future. I am not going to say one word in this connection

which would even remotely suggest that I am oblivious of our own responsibility in the matter. I feel, Sir, that it is a misfortune that Provincial Governments are not functioning in seven provinces. I feel that it is a distinct loss to us that the Central Legislature is not receiving the help of the representatives of the largest and most influential party in the country. I feel that if the provincial autonomous Governments were at work in all the provinces and that if we were discharging here our duties as representatives of the country fully in spite of the discouragements with which we might be faced, we would make a greater impression on Government than we have done up to the present time. But while I realise our own responsibilities, I contend at the same time that this does not absolve Government of the duty that they owe to the country. Whatever may have happened in the provinces or in this Legislature, they can yet take steps which will convince the people of the country that they mean to take India quickly with them towards the goal of complete freedom.

One of the most important questions that we must consider in this connection is that of defence. It was, as I said the other day, specifically referred to by His Excellency the Viceroy in the conversation that he had with Mahatma Gandhi in February last. Now, how are Government discharging their duties in this direction? I fully endorse what my Honourable friends Mr. Sapru and Mr. Hossain Imam said yesterday with regard to the arrogance and contempt with which we are treated by the Defence Department. The entire taxation to which we are going to be subjected is due to the war but the most important representative of the Defence Department who is a Member of this Council, absents himself from it on the ground that he has more important work to do elsewhere. Can anything show more conclusively than this the utter contempt with which the authorities treat us? They want our co-operation only in respect of the shouldering of obligations. They forget the rights which should correspond to the obligations. I know that my Honourable friend Mr. Williams is here as the representative of the Defence Department. (*An Honourable Member*: "Today".) Well, I recognise that he was accidentally absent yesterday. But while I do not wish to say anything disparaging to Mr. Williams himself, I cannot help saying again what I said the other day, namely, that we cannot look upon him as a proper representative of the Defence Department.

THE HONOURABLE MR. A. DEC. WILLIAMS: On a point of order, Sir. Is the Honourable Member entitled to question the action of the Governor General?

THE HONOURABLE THE PRESIDENT: I do not think he is in order in reflecting on the action of the Governor General. Mr. Williams has been appointed by the Governor General; he has told you that, and you still say you disapprove of his appointment.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I do not doubt his legal competence to vote and speak against us but no order passed by the Governor General can set moral issues at rest.

THE HONOURABLE THE PRESIDENT: You say he is not a suitable representative. You disapprove of his appointment by the Governor General.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: No, Sir. What I say is that we cannot regard him as a full-fledged representative of the Defence Department in our own minds.

THE HONOURABLE THE PRESIDENT: Well, I have ruled that you cannot comment on His Excellency the Governor General's action.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I am not commenting on it. But I hope I have the fullest right to express the non-official view with regard to the manner in which this Council has been treated by Government and by the Defence Department.

Sir, we are told that the Commander-in-Chief has important work to do elsewhere. Has the Secretary of State for War or the First Lord of the Admiralty no work to do in England?

THE HONOURABLE SIR DAVID DEVADOSS: They are not soldiers. Churchill is not a soldier. He is not in command of the Army there. The Commander-in-Chief of the British troops does not sit in the House of Commons.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Well, my Honourable friend should realise that the Ministers are ultimately responsible for the conduct of the war. If they do anything at all, the war must have added greatly to their duties, and while they may be performing duties different from those of the Commander-in-Chief here, they must be of a vital character in relation to the war. If people at the head of the war organisations, people on whose decisions the prosecution of the war will depend, can find time in a self-governing country, can find it necessary in a self-governing country to attend Parliament in order to satisfy their own people and to win their confidence, is it not necessary for the head of the Defence Department in this country to attend this House in spite of the war, and to take special pains to assure us that he is prepared to give the fullest information that is possible in the present circumstances, and to take into serious consideration the views that are expressed here?

THE HONOURABLE THE PRESIDENT: The fullest consideration was given when several Resolutions were moved in this House and there was the reply of the Government of India given on all points.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, may I respectfully ask why the Chair considers it his duty to give a reply on behalf of the Government?

THE HONOURABLE THE PRESIDENT: It is my privilege; when an Honourable Member exceeds his duty and makes any unjust comment on the other party or person it is my duty also to protect every Member present in this House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, you are the custodian of the dignity and rights not of one section of the House but of the whole House.

THE HONOURABLE THE PRESIDENT: I quite admit that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: And I respectfully venture to point out that I know of no instance during the last three years when you have found it necessary to raise your voice on our behalf.

THE HONOURABLE SIR DAVID DEVADOSS: There was no necessity for it.

THE HONOURABLE THE PRESIDENT: It is a matter of opinion.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, it is a fact. I am not dealing with a matter of opinion.

THE HONOURABLE THE PRESIDENT: No. I do not think your colleagues here will endorse that opinion.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: And now, Sir, I shall deal with a few questions concerning the Defence Department and first of all I shall say a few words with regard to the Air Force because I shall be able to deal with the matter briefly. When the war broke out, in fact before the war broke out, we asked that steps should be taken to enlarge the Indian Air Force and to see that as soon as possible it replaced the Royal Air Force. But our demand was not acceded to. After the war, we drew attention again to the importance of strengthening the Indian Air Force and of training large numbers of Indians as pilots. But that demand too was turned down. And what is being done now, Sir, in this connection? All that we have come to know during the course of the last eight months is that one more Indian Air Squadron will be established in the course of the year. We have further been told that the Air Force Headquarters are now engaged in recruiting personnel for the Air Force Reserve. They have their own organisation for training the Reserve. Finally, Sir, comes the Civil Aviation Department, which has received the magnificent grant of Rs. 51,000 from the Central Government in order to get more pilots trained through the Flying Clubs. What is the number of men that is going to be trained by the Aviation Department? Four pilots are to be trained as Instructors, eight pilots are to receive advanced training at each of the seven Flying Clubs, and four persons are to be trained *ab initio* as pilots at each of these Clubs. In all, therefore, 88 more men are to be trained. And this is the magnificent record of a Government which asks us day in and day out to devote every ounce of energy to the prosecution of the war. Here is a subject in connection with which we are in earnest. The communiqués issued by the Civil Aviation Department show how enthusiastic is the response which that Department has received from our young men. But how do Government take advantage of that response? By proceeding at a snail's pace and training an insignificant number of pilots. I remember the *Pioneer* writing in connection with the announcement made by the Civil Aviation Department, "What on earth is the use of this? To train 26 at a time is merely playing with the problem as the experience even of the last war had shown." We have received support in this matter not merely from Indian but also from British newspapers. But it has made no impression on the Central Government.

Now, Sir, I wish to say one or two words with regard to the Army —

THE HONOURABLE THE PRESIDENT: I have allowed you nearly 1½ hours already—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I got up at 12 O'clock, I think, Sir,—

THE HONOURABLE THE PRESIDENT: One hour and 20 minutes, and you must remember that there are other speakers to follow.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: You know more about it, Sir, than I do but I do not think I have spoken for more than

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an hour. However, I shall be brief with regard to what I am going to say about the Army, because I have dwelt on this matter repeatedly in this House. The most important question that arises in this connection is that of Indianisation and the position of the Indian Commissioned Officers. I asked the other day whether the persons who were given temporary commissions would be appointed as platoon commanders or as company officers like the newly recruited British officers and I was told that they would be appointed as platoon commanders. I ask the House to realise what the appointment of Indian officers as platoon commanders means. When the policy of Indianization was started, it was understood that Indian officers would be trained to replace British officers. When the eight units scheme was announced, I think the Commander-in-Chief, Lord Rawlinson, said in the Assembly that Indian officers coming out of Sandhurst would not be confined to these eight units but would be posted to other units also, which meant that whatever the output of the Indian officers from Sandhurst might be, the whole of it would be used to replace British officers. But that policy has now been changed. Indian officers are not utilised for the replacement of British officers. They are being appointed as platoon commanders, that is, in place of Viceroy's Commissioned officers who retire or are asked to retire. Thus, while the number of Indian officers is increasing, they are by no means replacing British officers. In fact, the recruitment of British officers remains what it was. I asked my Honourable friend Mr. Williams a few days ago to give us the figures relating to the recruitment of British officers since 1935 and this was the information that he supplied. In considering this information, the House should bear in mind that it is believed that the Indian army requires about 125 officers annually to make up the wastage in the officer ranks. The figures relating to recruitment during the last five years are as follows:—

1935	100
1936	172
1937	136
1938	124
1939	130

I ask the House to say — I ask the European Members of this House to tell us whether this is Indianization, whether they can ask us to forget this simply because a war is going on. Government, not content with what they were doing before the war, are taking steps which will accentuate the grievance to which we have repeatedly drawn their attention. They are following a policy which will enable them to confront us with a settled fact after the war and to say that the policy of replacing Viceroy's Commissioned officers by Indian officers having gone too far cannot be reconsidered.

The reason given for this change of policy, which means the stoppage of Indianization—not its reduction, mind you, but practically its stoppage in the earlier years—is justified on the ground that it is necessary that the Indian Army should follow in future the organisation of the British Army. Why should we give up our own organisation that has worked successfully for 75 years, we do not know. But, unhappily for those who relied on the British analogy, Mr. Hore-Belisha has changed the system in England, and only half the platoons are to be commanded in future by British commissioned officers. Half of them are to be commanded by Warrant Officers Class III. At the present time therefore we are following no model at all. Our organisation is

peculiar to ourselves. While the British authorities seem to be approaching our system, we are giving up ours and following the British model which is in course of being rapidly and radically altered.

Sir, I have spoken so far with regard to the appointment of Indians to the commissioned ranks. I shall now deal with the attitude of Government with regard to the supply of information. During this Session I put a number of questions relating to military matters. On the 23rd February I put two questions the object of one of which was to find out what was the number of officers, temporary officers, recruited since the commencement of the war and how many of them were Indians and Britishers and of the other to find out the total strength of the forces raised in India in each of the provinces. What was the reply of my Honourable friend Mr. Williams? "It was contrary to the public interest to give publicity to the figures asked for by the Honourable Member." I fear, Sir, that he was thinking not of the public interest but of the interest of the Defence Department. Probably the number of commissions given to Indians is very small and in regard to recruitment the old restrictive policy is being followed which will not bear scrutiny. I put another question on the 26th of February regarding the manufacture of munitions. I wanted to know what were the new kinds of munitions that were being manufactured and to what extent. This time I received a reply from the Honourable Mr. Dow, and his reply was quite as comforting as that of Mr. Williams. He too felt that it was not in the public interest to answer—

THE HONOURABLE THE PRESIDENT: You wanted Mr. Dow to let the enemy know what was our strength in the matter of munitions.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I shall not criticise Mr. Dow, but I will place before him and before you, Sir, if you will permit me to do so, certain facts showing the attitude of His Majesty's Government and the Dominion Governments in kindred matters. Sir Samuel Hoare made a speech reviewing the war situation in the House of Commons some time in February last and according to the reports received in this country—

THE HONOURABLE THE PRESIDENT: You have said all that before; I quite know.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I have never said this before; I have never given any illustrations.

THE HONOURABLE THE PRESIDENT: You have spoken about this matter before. I fully realise. You forget that India is a peculiar country and it is not like England or the Dominions.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Don't I know it? Every Indian knows it to his cost. India is a very peculiar country. No principle which is applicable to a free self-governing country is applicable to India.

THE HONOURABLE THE PRESIDENT: That is your way of thinking.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir Samuel Hoare in the speech to which I have referred said that the number of men under arms had increased considerably since the war broke out. There were between 1,250,000 and 1,500,000 men under arms. He further said that there was also a citizen army of between 1,500,000 and 1,750,000 men and

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women engaged in A. R. P. work. In regard to munitions he said that the number of ordnance factories known as agency factories which were built or were building was 32. In addition 301 factory extensions to accommodate new plants had been added at public cost and so on. Mr. Hora-Belisha, Secretary of State for War till recently, informed the House of Commons that about 7,000 men serving in the ranks had been recommended for training as officers since the outbreak of war. He further informed the House that 2,000 men had been promoted to officers since the passing of the Military Training Act. This information was published in the Delhi papers of the 2nd November. Now, let us consider the practice in the Dominions. I have been able to get information only with regard to the training of pilots.

THE HONOURABLE THE PRESIDENT: Do you contend that India must necessarily follow the Dominions or any other country? It has its peculiar difficulties and in military matters India must adopt a policy according to the advice of her military expert officers.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Until convincing reasons to the contrary are given, I am bound to hold that India should not be treated differently in respect of this matter from England or the Dominions. Besides, I contend, Sir, that what is relevant in this connection is not the special position of India but the advantage that the enemy might derive by the publication of any information that is given by Government. Is England distant from the scene of war and India near it that the Government of India should be more nervous with regard to the giving of information than the British Government themselves?

THE HONOURABLE THE PRESIDENT: When you are the Commander-in-Chief of India you will be able to understand that.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: When we are in charge of affairs here, I have no doubt that our policy will be the same as that of Ministers in all self-governing countries. It would be impossible for us to follow the policy of secretiveness which has found favour in every matter with the Government of India.

Sir, I was referring to the information given by the Dominions with regard to the training of pilots. I refer to this matter because both Australia and New Zealand are going to have a large number of pilots trained. Now, a message dated London, the 1st March, sent by Reuter stated on the authority of Mr. Menzies, Prime Minister of Australia, that the number of Australian pilots trained for the Empire training scheme was to be increased by 4,000 to 14,300. The statement added that the total strength of the air forces would eventually be 58,000. As regards New Zealand Reuter's message dated the 2nd March stated that over 4,000 young men had registered for training as air pilots and that more than double that number had applied for enlistment.

THE HONOURABLE THE PRESIDENT: How long do you still propose to take?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I want to end in half a minute.

Sir, The illustrations that I have given show the contrast between the policies followed in England and the self-governing Dominions and the policy

followed in India in respect of supplying information and winning the confidence of the people. Englishmen ask us for our co-operation day after day. I ask them as fair-minded men to go over the ground once more, to take these facts to heart and as lovers of truth and freedom in their own country to understand our feelings and to follow a policy which would enable us to co-operate with them on a footing of equality and to take pride in their achievements as if they were our own.

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: The debate will now resume on the Finance Bill. I want to know if any other Honourable Member desires to speak?

(No Honourable Member rose to speak.)

THE HONOURABLE MR. A. DEC. WILLIAMS (Nominated Official): Sir, when, as I pointed out earlier today—

THE HONOURABLE THE PRESIDENT: I am very sorry to notice that both the Honourable Mr. Kunzru and the Honourable Mr. Sapru are absent now. But you can say what you desire to say.

THE HONOURABLE MR. A. DEC. WILLIAMS: When, as I say, I was appointed by the Governor General to represent the Defence Department in the absence of His Excellency the Defence Member, I did not realise that part of my duties would consist in repelling personal attacks upon His Excellency in his absence. I say personal attacks, because the fact that His Excellency has been nominated a Member of this Council depends in the main on the provision in the Constitution Act that every Member of the Governor General's Executive Council shall be nominated a Member of one or the other Chamber of the Legislature. It was open to Honourable Members opposite to criticise that provision in the Constitution. I have never known Honourable Members that provision in the Constitution. But they have opposite show any reluctance to criticise the Constitution. They have seen fit to make what I can only characterise as a personal attack upon His Excellency.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I correct the Honourable Member? We have referred to the Constitution repeatedly here. But as he is frequently absent from the House he does not know it.

THE HONOURABLE MR. A. DEC. WILLIAMS: Honourable Members have referred to the fact that they have been reminded—and they stigmatise the reminders as unnecessary—that we are in the middle of a war. His Excellency is a soldier and I think Honourable Members opposite would admit that he is the best judge of what a soldier's duties are. The fact that Honourable Members have described my own appointment as unsuitable, I welcome—for this reason. It is, I think, generally admitted that the orders of the Governor General are beyond question in this House. It follows, therefore, that I am personally unsuitable. (*Honourable Members*: "No, no".) I am therefore relieved of the unpleasant duty of justifying my existence because I realise that anything that I may say will fail to convince Honourable Members opposite.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: On a point of personal explanation, Sir. Whatever the impression created on the Honourable Member's mind in this respect, let me assure him that it was not at all our intention to reflect on his personal capacity for discharging any duty that might be entrusted to him. There was nothing personal whatsoever in our objections. I hope the Honourable Member will accept this assurance and not question its sincerity.

THE HONOURABLE MR. A. DEC. WILLIAMS: I am very grateful to the Honourable Member—sincerely grateful. But, to revert to the absence of His Excellency from this Chamber during the debate yesterday and today, I think it is fair to say that the vast majority of the points raised by Honourable Members, as they themselves have said, have been repeatedly debated in this Council and I should say that every one of them has, at some time or another, been answered in person by His Excellency.

I will now pass on—I must again repeat my apologies for not having been present at the discussions yesterday,—I will now pass on to such points as were raised in my hearing today by the Honourable Pandit Kunzru.

The first point which he took was the failure appreciably to enlarge the Indian Air Force. Well, Sir, thanks to the provision of new machines for the Royal Air Force, we have been enabled to do considerably more already than we expected, machines having become available. I have already indicated in answer to a question what is being done by way of training and so on. One squadron of the Indian Air Force has already been formed. The Defence Secretary has announced in another place that a firm decision has been taken to form a second squadron; and I can now announce that it is confidently hoped that that can be done at an early date. If I am asked why we did not do more, the answer, which is the answer to so many questions, is largely that of expense. We must, after all, remember that, as regards war expenditure, we have got, I should say, an extremely satisfactory deal with His Majesty's Government. We pay so much and they pay the rest. Clearly it behoves us to adjust our expenditure to the strict necessities of the war. I can see the political advantages, the desirability perhaps, of a greater Indianization of the Air Force, but it is not so easy to make out a case for its absolute necessity *vis-a-vis* the strict requirements of the war.

Then, my Honourable friend adverted to the question of the Indianization of the Army, and the position of Indian King's Commissioned officers who on joining up become platoon commanders instead of company officers. He cast some scorn on the argument that the Indianized units must conform to the organisation of British units and mentioned the fact that under the latest reorganisation of the British forces, a certain number of platoons will be commanded by warrant officers. I am afraid, Sir, I have not been able to verify that. I will assume that the Honourable Member is correct in that. Even so, it has never been argued that the Indianized units must fully and rigidly conform to the British pattern. The fact remains—

THE HONOURABLE MR. P. N. SAPRU: That was Sir Philip Chetwode's argument when I moved the Resolution on the Viceroy's Commission here.

THE HONOURABLE MR. A. DEC. WILLIAMS: The fact remains that in the Indianized units the King's Commissioned Indian Officer, once he has joined that unit, stands as good a chance of promotion to company commander

as a British King's Commissioned Officer in a non-Indianized Indian unit, and if the Honourable Member will consult the Indian Army List—I do not know how many company commanders he would find—but he will find that in at least two units which I looked up today every officer up to the point of a company commander is an Indian, and it follows that in a very short time one of those officers is likely to become a company commander.

I now come to the Honourable Member's charge that information is consistently withheld on defence matters when Honourable Members make interpellations. The particular instance which he quoted when I stated that it was not in the public interest to give certain figures of British and Indian Temporary Emergency Commission Officers is susceptible of explanation. I think I told the Honourable Member at the time that I feared he must expect similar answers whenever he asks for exact figures; but he will recollect that on that occasion I said I would do my best to meet him by giving him proportionate figures if they would be any use to him—the proportion of European officers to Indian officers. I was not prepared to give the total—the exact figures. Further, one reason why it was a matter of some difficulty to give him the proportionate figures straightaway was that the form of his question rather fogged the issue. He had asked for figures of temporary Commissions are not Officers. Indian Officers who are at the moment receiving Commissions are receiving temporary Commissions, although all wartime Commissions are normally speaking temporary, but are receiving permanent Commissions; so that if I had given him the figures of temporary Commissions no Indian could have been shown at that moment. It would have given a very wrong impression of the true facts.

But as regards his general charge that information is withheld in this country and is freely given in Parliament and in the Dominions, I can only say that the instance he quoted of information given by Sir Samuel Hoare suggests to my mind—I had no opportunity of studying the exact circumstances in which that information was given, but I certainly myself gained the impression—that it was given rather by way of propaganda than in answer to a detailed inquiry. It is of course open to any Government to give any information it wishes to give—if it volunteers it; and no doubt I have heard many criticisms of the backwardness of the Government of India in pursuing propaganda. But I think that both in the Dominions and in the United Kingdom information would not always be forthcoming as the result of interpellations or cross-examination. I am confident that a Member of Parliament would not experience the same aggrieved surprise as my Honourable friend if in answer to a question of a detailed character he was told that to give a reply was not in the public interest. I hope, Sir, that I have been able to do something to mollify my Honourable friend Pandit Hirday Nath Kunzru.

I can only again repeat that I am unfortunately not in a position to answer any observations which may have been made in the course of the debate yesterday.

THE HONOURABLE DIWAN BAHADUR SIR RAMASWAMI MUDALIAR (Commerce Member): Mr. President, I have been during the last few days the recipient of most agreeable congratulations on the work that I have done as Commerce Member during the last few months, not only in this House but also in another place, not only in the Legislature but in quarters outside the Legislature which are not generally sympathetic towards the work of the Commerce Member. Sir, I should be sailing under false colours if I were to take these congratulations and encomiums myself. I have been connected with the Commerce Department only for a few months. I came as an outsider little

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knowing the intricacies of tariff and of trade and less connected than anybody in the Government has so far been with the commerce of this country. To expect that I should have been able to give a new orientation to this Department or to put forward proposals out of my own head which have received some measure of support and which have evoked some amount of satisfaction to members connected with commerce and industry is to expect well nigh the impossible. The secret of it let me disclose. It is the devoted and the loyal work of the Secretary of the Commerce Department and those officers and staff who have been associated with him that is entirely responsible for any little change that the Commerce Department has been able to effect during the last few months. I should like to take this opportunity to publicly testify to the devoted and the loyal work that has been rendered by the Commerce Secretary my Honourable friend Sir Alan Lloyd, and his staff in assisting me in the work of that Department. (Applause.) The measures to which reference has been made, the setting up of the Board of Scientific and Industrial Research or other schemes that have been afoot in the Commerce Department have not come out full fledged from my brain. They were only very meagre and very skeleton ideas which their knowledge, their robust enthusiasm, their skilled experience of the working of these matters, have put into shape and they have been presented by me to the public at large. Well, I have been lucky enough to collect all these bouquets from both these Houses; I wish to pass them on to quarters which really deserve them and which must appropriately take them. Sir, I must make another acknowledgment. I do not know what the experience of past Commerce Members has been, but mine has been most fortunate during the past few months. There has not been an occasion when I have had any differences with the most important of my colleagues so far as I am concerned, the Honourable the Finance Member. Not only has his assistance been forthcoming, but what is more valuable his advice has been always at my disposal and that advice, I can assure you, has been of the most invaluable character. That close collaboration between the Commerce and the Finance Departments has been responsible for any measures that we may have been able to adumbrate during the past few months.

Let me turn at once to the remarks that have been made in the course of this debate. I shall take my Honourable friend Mr. Richardson's speech first. I had been led to expect from an earlier speech of his that it would be full of commonsense and full of wit. May I say that the second experience has not in any way tried to dispel that impression. In fact it has added to the pleasure that I have had in hearing Mr. Richardson. It is welcome on a most important aspect of the question, the question of protected industries and of internal competition. My Honourable friend Sir Ramunni Menon has, with a skill and directness which is not usually associated with members of the Educational Department, canvassed the position that Mr. Richardson has formulated and has addressed arguments in much more felicitous language than I can command, arguments which certainly are of a most impressive character. As my learned friend was not here this morning to listen to his speech, I venture to repeat some of these arguments. Sir, it is a fact that in the case of some of the protected industries there is serious over-competition and perhaps there is a danger of over-production also. In the first place, if one were to look to the causes of this over-production, one aspect of it may naturally strike one—whether it is not because the protective wall is much higher than is desirable so that new concerns have come in in larger numbers than was desirable and have added to the productive capacity to a greater extent than was contemplated. But I do not stress the importance of that aspect of it because we

are all aware that, in this country, there is a tendency for imitation as much on the part of entrepreneurs as of industrialists, and where they find an industry developing with success, the temptation is very great for a number of people, without taking into account the capacity required or the production that ought to be there, to come in tumbling over each other, starting these industries and so ruining themselves ultimately. This is a phase of industrial activity which is not confined to protected industries but applies to non-protected industries as well. But since the issue has been raised of protected industries, let me confine myself to that.

My Honourable friend will remember that in the Fiscal Commission's Report it was specifically pointed out that one of the ways in which the danger of high prices may be got over would be by such internal competition as by itself would bring down or reduce the prices. The Fiscal Commission visualised that when the protective wall was fairly high, industrialists would be attracted to starting that very industry and by the number of industrial concerns that will be started in that particular protected industry internal competition will come to the relief of the consumer and the burden will therefore be to some extent lessened. Now, that is an aspect which cannot be ignored but I agree again, as I said, that in some protected industries there is a danger not merely of that fierce internal competition which reduces prices to a normal and reasonable level but of that over-production which will at the same time bring disaster to many concerns. There again, as my friend Sir Ramunni Menon has pointed out, there are various other points to be taken into consideration. It may be that an industry started ten years ago when protection was first granted had not pursued those rational methods which later times have made it possible for new entrants in the industry to pursue. Its machinery may be of the old type. Its method of production may be of the old type. I know, Sir, there are industrialists in some other countries who pride themselves on the fact that the older the machinery the better their concerns are. I am aware of members of the British industries in such advanced places as Manchester who in the textile industry for instance, pride themselves on the fact that their particular machinery has been working since 1897 and is still going strong, not realising that the productive capacity of that particular mill or machinery may be very low compared with more modern industrial plants in Japan or elsewhere. Well, this is an aspect of internal competition which nobody can avoid except the industrialists concerned.

There is again the aspect that the location of the industry in the first instance may have been unhappy and that location in a more favourable quarter may well result in better and cheaper production, which cannot be said to be unfair competition with the older industry but which must be faced by the older industry. Very often industrialists have shifted their scene of operation from place to place just to meet that kind of competition. So to make the statement that internal competition has now taken the place of external competition and that the industrialists may be ruined on account of it and that protection may be extended to internal competition is a statement in an extreme form which must be examined with very much greater care and attention than the House has bestowed on it.

Now, Sir, let me turn to the sugar industry in particular, because all the arguments of my Honourable friends were hung round about the sugar industry. Now, the sugar industry is in a very peculiar position. I am aware of some of these difficulties and I hope in the course of my remarks to point out exactly what kind of difficulties the sugar industry is really faced with so that we may get over these difficulties. It is not due to the fact that my Honourable friend the Finance Member is levying excise duty from time to time that the

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sugar industry is handicapped. The policy of levying an excise duty on a protected industry was accepted and laid down by the Fiscal Commission. They pointed out that as an alternative to the customs revenue which is often lost when protection is granted, the State may have recourse to the levy of an excise duty and so recoup the loss when the industry has fairly found its feet, thanks to the policy of protection. The grievance is not in the levy of an excise duty but the grievance or the difficulty is elsewhere. Let me turn at once to what that difficulty is. When the second Tariff Board on Sugar was constituted, when it examined the industry and when it laid down the conditions of protection, my Honourable friend will find that the Board suggested that the fair price that may be offered to the sugarcane producer who delivered his sugarcane to the mill was 5 annas 6 pies per maund. That was before my Honourable friend thought of levying the excise duty. I believe on the 15th of February, the price that the sugarcane grower could demand from the mills was 10 annas, with a cess duty of 6 pies collected by Government. So that the price of sugarcane was 10 annas 6 pies delivered at the mills and the mills had to manufacture sugar at that price. (*An Honourable Member*: "Wasn't that entirely due to the depreciation in the price?") I am coming to that. That is exactly my point. I was not blaming the agriculturists for demanding that price. I was merely pointing out that that was the minimum price that the mills had to pay. (*An Honourable Member*: "Which provinces used to pay 10 annas 6 pies?") The United Provinces and Bihar. Those two Governments had laid down that that was the price. Let me take the Honourable Member back to some history so that this question may be appreciated better. Some time back, the Ministries of these two Provinces having consulted each other laid down a formula by which the price of sugarcane which should be paid by the mill to the sugarcane cultivator was related to the price of sugar. I believe it was my Honourable friend Pandit Kunzru who pointed out the vicious spiral that was set going by that arrangement. As the price of sugar increased, the price of sugarcane went up. As the mills had to pay a higher price for the sugarcane, the price of sugar was further increased. And so the spiral went up and the Government fixed this price of sugarcane every fortnight. Now, Sir, I remember when I was in another capacity in the other House at the time when the sugar industry got the protection recommended by the Tariff Board, simultaneously another measure was passed by the House in the interests of the agriculturists. That was the measure which enabled Provincial

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Governments to fix a minimum price for sugarcane. Mark my words, Mr. President—a minimum price for sugarcane. It was hoped at that time on the report of the Tariff Board that the minimum price would be 4 annas 6 pies. As I said, a later Tariff Board report suggested that the price of sugarcane should be 5 annas 6 pies. What the Governments have done is not to fix a minimum price so that the agriculturist may not be exploited by the all-powerful industrialist, the sugar manufacturer, but to fix what in effect is both a maximum and a minimum price. They cannot pay less than 10 annas to the sugarcane cultivator or less than 9 annas 3 pies at the next stage and so on. It may look *prima facie* that it is all in the interests of the agriculturist, that the more money he receives the better it would be for him. But, apart from the question of killing the goose that lays golden eggs, there is another aspect of the question which has to be borne in mind. I am credibly informed that the industrialist having to pay this higher price has taken upon himself the farming of sugarcane cultivation farms and working it on a proprietary basis so that no question of the amount he pays to the sugarcane cultivator arises, and that movement is spreading both in the United Provinces and in Bihar. If you take that factor with another

factor which is of no less importance, namely, that the amount of sugarcane which is consumed even in the United Provinces and Bihar by the mills compared to the total production in those provinces is not more than one-fifth of the whole production, and the rest, four-fifths, has to be disposed of anyhow by the agriculturist at prices which nobody can control and neither your minimum nor your maximum is applicable in such cases you have a much truer picture of what the agriculturist stands to gain or lose by this arrangement. It is not all gain to the agriculturist and therefore the whole problem seems to me to review this arrangement which has been come to by these two Governments by relating the price of sugar to the price of sugarcane every fortnight and seeing whether that is a fair one either to the industry or even to the agriculturist. Let me add one final observation. After all, sugar is produced not in one province, not even in these two provinces, though the bulk of the production is there, but in many other provinces in the country. In Madras, for instance, in the Punjab—

THE HONOURABLE MR. SHANTIDAS ASKURAN: "Bombay".

THE HONOURABLE DEWAN BAHADUR SIR RAMASWAMI MUDALIAR. —in some of the Indian States and I would not have forgotten Bombay even if my friend had not reminded me of it,—in Bombay also. Un-co-ordinated action in the fixing of the price of sugarcane, a high level of price in one or two provinces, with unregulated prices—and, if regulated, at a regulated price much below that which has been fixed in these two provinces—is an obvious danger as much to the sugarcane cultivator as to the producer of sugar, which neither of these two Governments can afford to ignore. These are factors which have to be brought home to the industry, to those who represent and speak in the name of the agriculturist and last, though not least, to the Governments concerned. My Honourable friend thought that some kind of licensing of starting of new concerns of this nature may be helpful. That leads me to constitutional conundrums of a very deep character indeed, and I am sure my Honourable friend will realise that apart from the constitutional conundrums which he can gather from looking at the Schedules to the Government of India Act, there are other difficulties which I may point out, difficulties which perhaps may make him less venturesome in putting forward such suggestions in future. The question of licensing of these new concerns is an aspect of socialisation—if I might use that word in an inoffensive manner—which cannot be ignored. If once that policy starts, nobody knows where it will stop, and I do not feel that at the moment, with the materials at my disposal, I can give a bend in that direction at all, especially as I do not know the dangerous possibilities to which it may lead either this Central Government or any other Government. That remedy, therefore, for the moment I have put aside. In the very interesting speech that my Honourable friend Pandit Kunzru made there was a suggestion which I believe may be more helpful. He used that phrase which has served on a number of occasions any Commerce Member. He said that the good offices of the Commerce Member should be utilised to see whether some sort of co-ordination can be brought about between the activities of the various Provincial Governments and whether the industry cannot be helped and the agriculturist cannot be helped through those good offices. Sir, I am perfectly willing that the Commerce Department of the Government of India should use its good offices, and if there is any response either from the industry, and more important still, from the Local Governments concerned, for there are not merely two but more than two Governments concerned in this matter, I shall be very happy to use my good offices to see that the sugar industry in particular faces the difficulties that have arisen in a more equanimous manner. (Applause.) I hope some

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time in the course of the month of May or early in June I shall have the opportunity of using those good offices.

Let me dispose of a minor point which my Honourable friend Mr. Hossain Imam has raised, the question of petrol and of petrol prices. I believe I had occasion to make a reference to this matter in this House but my memory is not quite strong and I have not had the time to verify the fact. But the position is very simple. I intervened in the course of his speech and said that though the Government may not control the price of kerosene and of petrol, they have taken good care to see that the prices now ruling are according to their wishes in the matter. At any rate, they have had a voice in the fixing of those prices by the companies concerned. My Honourable friend thought that the prices have gone up very high indeed, and I am not surprised he should have thought so, because to those who are not initiated into the mysteries of the kerosene and petrol trade, that would be the natural inference. Let me tell you the exact reasons why the prices have gone up at the present time. Soon after the war broke out it became incumbent on the Commerce Department to examine the position of kerosene and of petrol. My Honourable friend may remember that India—and I am now speaking of the India of the Government of India Act, 1935—is a producer of a very small quantity of petrol, and that Burma is the producer of kerosene and of petrol in large quantities. But the position is not merely that. When we examined the figures of our imports we found—and now I confine myself purely to petrol but the same arguments will apply to kerosene if any Honourable Member desires to know the position with reference to kerosene—we found that contrary to my friend's expectations or belief, about 70 per cent. of the petrol consumed in this country came either from Burma or was produced in the two oil fields here, and that 30 per cent. had to be imported from other foreign countries. Now, my Honourable friend is also aware that the rupee has depreciated with reference to the dollar and the foreign countries from which this additional petrol had to be brought in were countries which were linked with the dollar. The result of that was that the price of petrol in those foreign countries, not due to any excess in cost of production but merely owing to the exchange factor, had gone up. The question that faced the Commerce Department was this. We could have had perhaps the Burma part of the petrol and kerosene at the old prices because Burma and India are on the same rupee basis. But we could not get, if we control the price at that rate, this 30 per cent. imported article from outside which had gone up because the rupee had depreciated with reference to the dollar. There were two alternatives facing the Commerce Department. One was to suggest that we need not have the 30 per cent. imported article, to fix the price of the Burma petrol at the old price and to continue the supplies on that basis. My Honourable friend has already referred to the large quantities of aviation spirit that are required by the Military Department and by the Supply Department. During the course of the debate for the last two days I have heard much concern expressed at the position of the bus owners owing to the fact that 2 annas excise duty has been put on. What would have been their position if 30 per cent. of the supply for this country had been cut off and the country had been rationed on the balance of 70 per cent. of its normal requirements? I know that there are countries where it is not the price factor that is the main consideration but the question is whether any petrol could be had at all, and there are services that have gone out of use in the United Kingdom, for instance, because neither for love nor for money can you have this most precious of all articles required for war purposes, namely, petrol. Is it not better even by allowing the proper exchange for the dollar that we should get this additional petrol and keep our bus trade going than that we

should put a lid on the price, thereby forcing these companies to go to other markets which are much more attractive and which would welcome them and have their supplies discharged there? But the position was not merely that. We did not merely allow the imported petrol from foreign countries to charge their full price on the dollar exchange. Thanks to an arrangement which the Burma Oil Company was agreeable to, we pooled the cost of the 30 per cent. from foreign countries at their price and the 70 per cent. of the petrol at the normal price and took the average for the whole, and that is the price that has been agreed to and is ruling from the 1st of January. The understanding is that that arrangement will continue for six months, that the Government will review the position at the end of every six months, that auditors will examine the position of the imported quantity and the indigenous quantity, if I may use that term to connote both Burma and Indian supplies, and that on the basis of that the Commerce Department will come to an arrangement again with the oil interests concerned in the matter of fixation of prices. I venture to state that after that explanation the Government of India may be safely absolved from the charge of having had no regard to the price factor and the charge that they have allowed these oil companies to exploit the situation.

THE HONOURABLE MR. HOSSAIN IMAM: May I know what was the basic price fixed at the port of entry?

THE HONOURABLE DIWAN BAHADUR SIR RAMASWAMI MUDALIAR: I have not got the figures, but the formula was that a basic price was fixed at the port at which the oil was imported, and I can assure my Honourable friend that figures are being sent to the Government of India and the Commerce Department which show that whatever price at which it is sold at other places it merely means an addition of the transport charges, the normal charges which have been applied even before the war for such cost of transportation and other factors.

My Honourable friend, if he will pardon me I will pronounce his name as it ought to be pronounced and not as it was at a famous dinner party in England, the Maharajahdhiraja of Darbhanga, made a very interesting suggestion with reference to our export policy. He suggested that there might be an export drive. I have heard also complaints at the recent meeting of the Federation of Chambers of Commerce about our export policy and I have received numerous telegrams from various grain merchants' associations and other organisations connected with the export trade that the arrangements that we have made are giving room for complaint. I wish to take this opportunity, if the House will permit me, of explaining the position, because I feel that a great deal of misunderstanding has been created by the apparent secrecy of our aims and of our policies in this matter. Sir, more than one Honourable Member has stated that this war is being fought with grave issues for everybody concerned. I wish to make my position as an Indian and as a citizen of this country perfectly clear with respect to that war. There have been hopes held out that at the end of the war my country and my countrymen will attain a status and a position of which they will not be found unworthy on the one hand and of which they need not be ashamed on the other. Declarations by His Excellency the Viceroy, the Secretary of State and others have been referred to. My mind is perfectly clear on one point, Sir. Whatever may be the result at the end of the war as a consequence of allied victory with reference to the status and position of this country, whether our hopes come true or whether they turn to ashes, whether the quantum of that hope is what most of us expect it to be or whether it is reduced in quantity, there is one fact of which I am perfectly clear, and all my actions as a responsible Member in charge of the Commerce Department have been motivated by that fact and by that consideration. It may be that we shall gain as a result of the success of the Allies in this war. On that I shall

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not dilate. But I am certain that if the Allies lose we lose all. There can be no question of that, and every Member of this House of Elders at any rate, I am sure, realises that loss to the Allies in this war means an utter annihilation of all our hopes, whatsoever those hopes may be and howsoever high or low they may be pitched. Sir, I give that merely as a background of the motives that have prompted me and the Department with which I am concerned in taking certain steps. Let me refer to this most difficult of questions, the question of export of some of our commodities. It has been freely stated in certain sections of the press that the whole policy of the Government has been to so restrict their exports that they can buy in the cheapest market and make a present of it to His Majesty's Government or to the Allies. I wish categorically to deny that statement, and I wish to deny that statement on the basis of facts which I shall presently put forward for the consideration of this House. Now, Sir, what is the exact effect of the war on the question of our export market? We start with the position that directly the war broke out we lost the export market so far as enemy countries were concerned. It is a mathematical problem which is not difficult of solution that if a certain quantity of raw materials was exported to various countries and if a portion of that quantity is suddenly restricted and could not be exported (because there is no question that you could possibly think of exporting these materials to enemy countries, whatever the gain may be or whatever the loss may be) the price must come down on those raw materials unless an alternative market is to be found, and it is not easy to speak of alternative markets in war conditions. But that is not the whole story. Honourable Members would have noticed particularly during the last few days the reinforced policy of His Majesty's Government with reference to the economic blockade which has to be carried on to prevent Germany from getting those necessary materials which will prolong the war, prolong human agony and perhaps even make the ultimate issue rather more uncertain than it is at present. It is a policy with which this country, I venture to state, must necessarily for the considerations that I have already put forward associate itself. In actual practice it means that not only should we prohibit our exports to enemy countries, but we should also prohibit some of those exports to neutral countries which are in a position to pass on those exports to enemy countries, a further restriction on our exports. Is it any wonder that the prices should fall under these circumstances? If we are to prevent our exports going to enemy countries, and I trust there is no one in this House who will demur to that,—if we are to prevent our exports to neutral countries going to enemy countries, if we are to restrict the quantum of exports to neutrals so that no surplus can get passed on by them to enemy countries, then it seems to me axiomatic that the quantum of exports having been materially reduced and the surplus on our hands having been materially increased, the price must be disadvantageous to the agriculturist. These are facts which have to be taken into account, however much we may regret them.

My Honourable friend Mr. Sapru made a very true statement in the course of a very eloquent speech yesterday. He said that even if India was not involved in the war, she would have to face the problems. This is one of the problems that have to be faced. Whether India is involved in the war, as she is at present, or whether she is not, she has to face these problems. Supposing, for a moment, that India as a country was neutral. Does any Member suggest that these problems would be absent? To add to the other problems, there would have been the problem of contraband control, of the searching of ships, of getting shipping certificates, and of other possibilities, which neutral countries are today experiencing. Thanks to the fact that we are all in this Commonwealth, we have got over these difficulties and when a shipper puts his

goods on board his ship, subject of course to any unforeseen contingency like the provocative action of the enemy, he is certain that his goods will reach the other shore without any question of contraband control. A most powerful country like the United States of America has had to experience this difficulty, and you know very well, Sir, what trouble there has been. It is a war, a serious war, a life and death struggle which here in this country and sitting in the cool atmosphere of this House under your benign presence, we may not always realise, but it is there all the same and the issues are so profound that none of us can ignore them. I am venturing to dilate on this subject at some length because I want my countrymen to realise why we pursue certain policies and what justification there is for pursuing them.

Now, Sir, there is another aspect of this export policy which I should like to touch on. There is one contingency under which we may stop the export of goods not because they would reach enemy countries either directly or indirectly. If for one of our own allies we require a particular commodity and there is not enough in the world or in the Commonwealth which that country can afford to buy or there are other circumstances which prevent the country from going into foreign markets and it does require it from its own markets, I think it is our duty then to provide the United Kingdom or the allies with that commodity. But I still couple it with this, that it is not our duty to exploit our own producers and force them to sell at a loss. That is not our policy. There we stand for a fair deal, very often perhaps tested by this test of prices with regard to world parity of similar goods from other countries. It will not be fair, and I am sure His Majesty's Government does not expect, to buy goods from this country at a lower level of price than it would have had to pay if it had gone to other countries and purchased them. It was only the other day that we virtually prohibited the export of some oil seeds to all foreign countries because we were told that His Majesty's Government required that commodity. Speculators entered the market and every morning I found a sheaf of telegrams on my table. I believe my Honourable friend the Commerce Secretary issued a press notice yesterday that there was no reason for that misunderstanding, that the reason why the export was stopped was because we wanted to conserve supplies, for the Allied Governments, of that particular commodity and we hope to have a fair price settled for this commodity when it came to the question of its being sold.

Now, Sir, I trust that both in this House and outside this continuous suspicion that we are doing something against the interests of our agriculturists and our countrymen for the sake of making anybody wealthy, that there was no serious policy behind these restrictions but that somehow or other the agriculturist, unheard and unrepresented, is being forced to accept prices much below world parity so as to give somebody else an advantage, this suspicion will be removed. I would like to go a step further. With reference to these exportable goods, there have been complaints from time to time that individual shippers have not been given this right and that right, that time is being wasted, that when a ship is in dock freight space is difficult to get, and that unless we arrive at a quick decision freights will be lost. I have told the House that in many of these cases the possibility of these goods reaching the enemy is of prime importance. A consignee at the other end may have such a close connection with the enemy that with the most innocent intention he may have to pass on the goods to the enemy, and when an examination has to be made for the credentials of the consignee, information is not always at the disposal of the secretary who attends 20 hours a day at his office, and invoices have to be held up. References may even have to be made and have been made in the past to the India Office and His Majesty's Government regarding the credentials of a

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particular consignee before the goods can be moved. It is very difficult for the contractor of these goods, the shipper who wants to send them out, to appreciate all this. But I am prepared to go to this extent both with reference to the suggestion that has been made by the Maharajadhiraja and a similar suggestion that was made by the members of the Chambers of Commerce at their meeting. I am prepared to consider the question whether it is not possible to form some sort of Export Advisory Board on which may be represented shippers and agricultural representatives and others who from time to time may bring to the notice of the Government the practical and actual difficulties that they are faced with. No question of policy can possibly be referred to that body. Questions of policy, as I have indicated, must remain with the Government of India. But with reference to actual detailed difficulties which we sitting at Delhi and Simla may not properly appreciate and the interests concerned may wish to point out, I am prepared to consider the possibility of constituting such an Export Advisory Board which I am certain will be of great assistance to the Department itself in solving some of these difficulties. Believe me, Sir, there is no intention on the part of any Member of the Government to hamper trade and commerce, but trade and commerce in its turn must also realise the difficult times we are going through and the responsibilities that naturally attach to us. I must here take the opportunity of referring to one factor which is extremely pleasing. I note and I wish to testify to the fact that there is a change in the general attitude of the Federation of Indian Chambers of Commerce, as has been evinced in its proceedings at the last meeting. The Honourable the Finance Member has been congratulated on the sweet reasonableness that has characterised his attitude on various questions and I think we shall not merely be exchanging compliments if I for my part—and I may say my Honourable friend the Finance Member will agree with me—say that there is a distinct change in the attitude of the Federation and I hope that that change will continue. I do not say that in any patronising spirit, Sir. But I say that because, holding the portfolio of Commerce, I realise how essential it is that the Member in charge of the Department and his Secretariat and the industries and trades concerned should have the fullest trust and confidence in each other and not be merely bandying compliments not entirely complimentary to each other. That atmosphere of suspicion must go and, on the other hand, we should both feel that we are in the same field, working for the same purpose and trying to achieve the same objective after all. (Applause.)

Sir, let me refer very shortly—I am afraid I have taken more time than I had intended—to the Board of Scientific and Industrial Research, which has been recently constituted. I wish to deprecate any idea that there may be in any quarter that this is something absolutely new and novel which the Government of India have not so far contemplated. My Honourable friend has referred to the Industrial Research Bureau which has been carrying on similar work. He will also remember the Test House at Alipore which has been of the greatest use to all industries in standardising their products and in testing their products. The Government have by a number of institutions—the Metallurgical Institution and various other institutions—been trying to help research work with reference to trade and industry. In their own concern and within their own peculiar purview, the munitions industry which has been carried on by the Government for several years, of which little is known even to those members who have interested themselves in the Defence Department, has had an elaborate research carried on and I was one of the very few that was privileged about a decade ago to witness this research institution and to see the kind of work that is being carried on. I am glad to see from the newspapers that inspired

and more or less authoritative articles have appeared recently stating the kind and nature of the work that has been carried on in these various Governmental institutions. Honourable Members will not be surprised to learn of the amount of accuracy that has been achieved in these factories where an error of ten-thousandth of an inch is detected and is avoided by such research work that has been undertaken.

Now, Sir, a reference has been made in the course of the remarks of some Honourable Member that he did not know what Dr. Gregory was doing in this matter. Some reference was made to some pamphlets which it was hoped would be issued, at the instance of my Honourable friend's predecessor, Sir James Grigg, and it was pointed out that those pamphlets had not issued, but, as usual, we are trying to hide our light in a bushel. These pamphlets have not been circulated to Honourable Members of this House. My wonder is, not what Dr. Gregory is doing. My wonder is to find out what Dr. Gregory is not doing, with which Department he is not concerned, and with what investigation he is not associated, and it has been a perpetual wonder to me how Dr. Gregory's agile mind can turn from one phase to another and be in a position to have an output so speedy and so efficient as he is having with reference to various Departmental consultations that are taking place. Let no Member be under any misapprehension that Dr. Gregory is wasting his time. So far from that, he has had his time more than full, as I can testify from my own personal knowledge. He is the driving force of the Economic Resources Board. He is expected to be—not indeed a member, but expected to be present at every meeting of this newly constituted Board of Scientific and Industrial Research.

Now, Sir,—

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member make these pamphlets available to us ?

THE HONOURABLE DEWAN BAHADUR SIR RAMASWAMI MUDALIAR : I have already suggested to the Commerce Secretary that these pamphlets should be made available to Members of this House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What about the desire of the Finance Department for economy ? They have stopped the circulation of their own publications.

THE HONOURABLE SIR ALAN LLOYD : They only cost 6 annas each.

THE HONOURABLE DEWAN BAHADUR SIR RAMASWAMI MUDALIAR : My Honourable friend the Finance Member will agree that it is most important to have these pamphlets circulated to Honourable Members and to avoid the time that is spent in discussing about it (Laughter).

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The Government of India must have greatly changed their view point then.

THE HONOURABLE DEWAN BAHADUR SIR RAMASWAMI MUDALIAR : With reference to this Board I wish to make the position perfectly clear. Applied scientific research has two main objects, the improvement of the existing and the introduction of new industrial methods or products. Both are necessary for the normal industrial growth of a country. The main problem is to encourage and assist the movement for industrial research, without taking over functions which are best carried out by the industry themselves. Before

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the result of any laboratory research can be applied in industrial processes, it is nearly always true to say that patient and skilled investigation is necessary on a large scale. The bulk of this work can only be done by men who are in the closest possible touch with actual industrial operations. So far as industry is concerned, therefore, a large portion of the work of Government Research Departments must necessarily be directed towards helping industry to help themselves. That is the reason why, Sir, on this Board industrialists, those who are active industrialists, those who have not been merely content to follow the footsteps of other successful industrialists but have had a certain amount of initiative and drive in them, some of such industrialists have been chosen. It is my hope that with the establishment of this Board, the necessary help that can be given to the industry by way of research activities which have to be applied after all by the industry themselves will be forthcoming. Sir, I do not want to make any claims for the new institution that has just been started. I would rather have encomiums on that body or on the Commerce Department as a result of their work than to have encomiums in advance in expectation of what may be done. I do not know how it will function. We shall do our honest best to see that the object with which it has been started is kept in view throughout the course of its work. My Honourable friend referred to the Industrial Research Bureau and asked what position it will have with reference to this Board. Having just initiated this Board, it will be much too early for me to say how exactly the two can be co-ordinated, or whether the one can be brought under the other, whether the Alipore Test House can be separated and isolated, whether a national physical laboratory can be built, or the laboratory at Alipore can be improved. These are all problems which must await solution, and we must, even in the Commerce Department, have breathing time before we can come to exact conclusions on these points. All that I can say is that we shall see that there is no overlapping of work or duplication of duties with reference to such research institutions.

Mr. President, I really must conclude as I know that there are other colleagues of mine who have got observations to make. I must thank you, Sir, personally for the very warm and affectionate corner you have had in your heart for me. (Applause.)

THE HONOURABLE SIR JEREMY RAISMAN (Finance Member): Sir, I feel that after the masterly survey of the economic policy of the Government, which my Honourable colleague has with his customary eloquence placed before the House, my own few remarks must necessarily be somewhat of an *anti-climax*. But, before I pass on to what I have to say, I would like, in case Honourable Members of this House have been misled by the excessive modesty of my Honourable colleague on the subject of the part which he himself has played in formulating the economic policy of the Government in recent months—I would like to state my conviction that his own contribution to that policy is, as I am sure it will always be, a most substantial one. It is only necessary for Members of this House to review in their own minds the considerations which my Honourable colleague has just put before them to realise how complete a mastery he has of all the main issues involved. Now, Sir, in the circumstances of this year the debate on the Finance Bill was concerned even less than normally with narrow financial and taxation issues. The Bill for the first time for many years came before this House not in a certified form, and I should like to express here, as I did in another place, my gratification at this return to what I trust will be the more normal experience in future. In the

second place, the actual measures for raising the necessary revenue have found, I am glad to say, a very large measure of acceptance, an almost universal acceptance amongst Honourable Members of this House and there is, therefore, very little for me to say in regard to the provisions of the Bill and the criticisms made thereon. My Honourable colleague has covered so completely the remarks which dealt with the wider field of economic policy that I could not myself presume to deal again with those points without repetition and without inviting, if I may say so, a comparison which would not be complimentary to myself. I will merely touch therefore on a few points which were not comprised within my Honourable colleague's reply.

I find that my Honourable friend Mr. Shantidas Askuran had asked not merely that the Standing Finance Committee should be supplemented by an Estimates Committee, but also apparently that a Retrenchment Committee should deal with expenditure. One of the facts which I trust has emerged from the speech just made by my Honourable colleague is the tremendous amount of additional work in the new field of activity on which the existing Government machine has had to embark. It seems to me that to repeat in an automatic way the catchwords of previous years shows an extraordinary lack of imagination. If the Honourable Member will pause to think for a moment of the breadth and multiplicity of the functions which Government has to take on itself in war time, he must realise that the problem is not how to dispense with the existing means of Government activity but how to secure more, and more suitable, instruments for carrying out those activities. If what the Honourable Member had in mind was merely a reduction in salaries, then I dealt on a previous occasion—

THE HONOURABLE MR. SHANTIDAS ASKURAN: I have never touched on that.

THE HONOURABLE SIR JEREMY RAISMAN: It is obvious that even if there were any justice in adopting such a proposal at the present time it could only make a very small contribution to the problems of war finance. I can only say that this recurrent insistence on the appointment of this committee and that committee shows a failure to appreciate the mass of additional work which is thrown on the existing machinery of Government. As regards my own Department, the existence of the Public Accounts Committee and now the existence of the Standing Finance Committee will throw on my Department and on the officers of other Departments a considerable additional burden. I do not grudge the time that will have to be devoted to explaining and justifying our proposals to representatives of the Legislature; but I do at the same time ask Honourable Members to realise that that process cannot be extended indefinitely without causing a breakdown in the machinery of Government.

THE HONOURABLE MR. SHANTIDAS ASKURAN: Why don't you utilise the same Committee for this purpose? There may be no separate committee; the same committee can function.

THE HONOURABLE SIR JEREMY RAISMAN: I could utilise the same committee but the officers would have to be in waiting twice as long in order to explain the estimates as well as justify new proposals. That is what my Honourable friend does not realise. It is possible that members of the committee may have time to sit here for six weeks instead of three weeks, but my point is that the officers of Government have not got time to be in attendance and to prepare the material for a six-week session of a committee instead of a three-week session.

[Sir Jeremy Raisman.]

I will not endeavour to traverse the objections which have been raised to the new taxation proposals; they have generally been admitted to be inevitable, and I feel that Honourable Members do realise that objections of this kind can be raised to any alternative tax, and probably objections of a severer kind. It is impossible to make an omelette without breaking some eggs. It is impossible for a Chancellor of the Exchequer to perform the miracle of raising additional revenue without taking it from someone. It is obvious that if additional revenue is to accrue to the Central Government it must accrue from somebody. Therefore to say that road transport will suffer an additional burden, that the consumer of sugar will be also asked to contribute, is merely to repeat that a new tax has been imposed, an additional tax has been levied.

I would only advert briefly to one point which my Honourable friend also referred to and that I think was the amendment of the Niemeyer Order in Council and to express my surprise that certain classes and certain bodies have in the same communication in which they protested against the additional taxation levied by the Central Government also protested against the steps taken to amend the Niemeyer Order in Council.

THE HONOURABLE MR. SHANTIDAS ASKURAN: Including Provincial Governments?

THE HONOURABLE SIR JEREMY RAISMAN: I am not at the moment referring to Provincial Governments, because I understand that there is bound to be a feeling on their part that larger revenues might have accrued to them as a result of the unusual situation produced by the war if they had been allowed to accrue by the retention of the old formula. But I am strongly of opinion that it would have been a most anomalous position if the provinces had stood out as the greatest profiteers at this time and the Central Government had been forced to face a deficit twice as large in order that the provinces should find themselves the inheritors of revenue which they never contemplated. But what I was referring to at this moment was not so much the criticism of the change in the Niemeyer Order as that certain bodies, certain classes, mercantile classes who were objecting to new taxation for the Centre at the same time took the opportunity to represent that they felt sore over the amendment of the Niemeyer Order in Council.

Now, Sir, I come to the remarks of my Honourable friend Mr. Hossain Imam, and I wish that he could sometimes, on the occasion of the annual Finance Bill, tune himself to a lower level and pitch his remarks in a less recondite and technical key so that humble intelligences like my own might be able to follow him. Now, Sir, he alluded to several aspects of the working of the Reserve Bank of India. I think I said once on a previous occasion that he has never hesitated to rush in where (*Cries of "angels"*) fear to tread. I do not wish to underestimate or depreciate in any way the competence of my Honourable friend to comment on these matters. But I do feel that his whole approach to the question of Reserve Bank profits is entirely wrong. I think I pointed out last year that in setting up a Central Bank and in allowing it to function in its own way in certain respects, we proved the integrity of our own intentions and that it would be absurd for us to insist on securing from the new machinery the same profits as had accrued in the past from the working of the Currency Department. Now, in recent years it is obvious that the Reserve Bank has had to build up reserves in order to fortify its position for the future, so that even the profits which have accrued to the Reserve Bank have not been available for distribution to the shareholders and to Government

as they might have been if the Reserve Bank had been in existence for a longer time. But in the circumstances of the last year, it will be obvious to anybody who considers the first effects of war on the price of Government securities that, however much the profits which the Reserve Bank might have made, they were bound to be largely neutralised by the writing down of the value of its investments, which was obligatory on the Bank. The position which the Bank had to take into account was that on the 31st of December last. It is true that since then the prices of most Government securities have greatly appreciated and therefore there is now a considerable reserve, so to speak, a greater reserve in the hands of the Bank, and I have no doubt that that will be reflected in the future distribution to Government of profits.

THE HONOURABLE MR. HOSSAIN IMAM: An underestimate, that is to say.

THE HONOURABLE SIR JEREMY RAISMAN: No, Sir, it is not a question of underestimation. It is the duty of the Bank. My Honourable friend must surely realise that. He has made certain comparisons between the Reserve Bank and commercial banks—he must realise that a Central Bank is very much in the position of Caesar's wife in this matter and when securities stand at a certain price on a certain date, even though there may be an absolute certainty of their appreciation the next day, a bank in the position of the Reserve Bank can only take credit for the securities at the value at which they stand or the cost if lower, and that the reserve which may thus be created is a feature of ordinary prudence such as a Central Bank must cultivate.

But I do not wish to take the House into these technicalities. I do not think that this is the place, and I am prepared to admit that I myself am not completely competent, to discuss the finer points of Central Banking policies. One of the reasons why a Central Bank was created in India was that these matters should be regulated by banking and expert experience and should be less subject to political influence. My Honourable friend, for instance, talks about the fetish of liquidity. Well, Sir, that is a most extraordinary phrase to use in regard to a Central Bank which is the custodian of the security for the nation's currency. There can be no such thing as a fetish of liquidity. It is the duty of the Central Bank to maintain such a degree of liquidity, however high, as will enable it to deal with various emergencies which may arise and I entirely dispute my Honourable friend's view that the basis on which the Reserve Bank's policy rests is one which is open to criticism in this respect.

My Honourable friend had the hardihood to venture into the realms of revaluation of the gold reserve and utilisation of the proceeds of such a revaluation for the repatriation of debt. Well, Sir, it is true that most countries have now revalued their gold reserves but it should be a matter of congratulation and not of criticism that India has not yet been forced to do the same. To the extent that the gold which lies in the vaults of the Reserve Bank is worth more now than it was when the Bank was set up, we are fortunate and since none of these reserves have had to be dissipated and since the value is higher, there exists an additional element of strength in the resources which lie behind the currency of India. I trust that the occasion will not arise for recourse to those measures which the Honourable Member thinks should lightly be embarked upon.

THE HONOURABLE MR. HOSSAIN IMAM: Is your greater strength *vis-a-vis* Great Britain reflected in your treasury bills?

THE HONOURABLE SIR JEREMY RAISMAN : If my Honourable friend is referring to the rate of interest which is available on treasury bills, that imports a large number of considerations other than the amount of the external reserves which stand behind one's currency. That is an entirely different

4 P.M. matter. It depends on the conditions of the financial market. I would remind my Honourable friend that the market in England is nowadays under a very thorough domination by the Treasury, probably under a much greater degree of control than the market in India, and in any case, the rate of interest at which money can be borrowed on treasury bills is closely related to the general financial and commercial organisation of the country and is bound to be different in India from what it is in England.

Sir, there is one other matter on which certain Members of the House asked for some enlightenment and that related to the question of power alcohol. Well, Sir, I am not directly concerned with the power alcohol legislation which was passed by the United Provinces Legislature. As Honourable Members pointed out, that is a measure which has gone up for assent to the Governor and is not at the moment the concern of the Government of India. But there are certain aspects of the matter which I should like the House to realise. In the first place, the scheme for the production of power alcohol in the United Provinces—and I think Bihar—was drawn up some time ago and was based on certain economic facts which have since entirely altered. I am told that the price of molasses, for instance, is now very much higher than it was when the power alcohol scheme was being formulated. Now, one of the motives for the scheme for the production of power alcohol was, I believe, that the grower would receive more for his cane. That was soon abandoned because it became easy to demonstrate that any price that could be paid for molasses in any economic scheme of power alcohol production could not possibly affect the price of a maund of cane and could not, therefore, be passed on to the grower. Another stage was that the production of power alcohol would enable something to be paid to the sugar industry. Well, Sir, that consideration also seems to have been superseded because in the last stage we find—I am referring to the United Provinces Government scheme—that the power alcohol is to be entirely taken over by the Government and to be sold at a price fixed by it so that the greater part of the profit which would accrue on that power alcohol was now to go to the Provincial Government. Now, Sir, there have been many comments, both in this House and in the other House, on the tendency of the Centre and the Provinces to allow their fiscal jurisdictions to overlap and I am not sure what the legal position is. Here we have the case of a Government which is not in a position to levy an excise on a commodity but which compels all production of the commodity to be sold to it and takes to itself a power then to resell it to the public and to force it to be consumed. I merely indicate the nature of the problem which may arise in connection with a scheme of that kind. Sir, we are constantly under criticism for a supposed reluctance to utilise the economic resources of the country. Why we should be so reluctant, I do not know. But what I do know is this, that many of the schemes which are put before us as examples, as methods, of utilising the economic resources of the country—many of them—are typically complicated by problems such as this. In other words, the dish that is set before us is garnished with some very unattractive spice. In the case of the problem of utilising the molasses and increasing the production of motor spirit in this country it has been my most lamentable experience that nearly every Government authority which has sponsored this most desirable scheme stood to gain a very large sum of revenue at my expense. Well, Sir, I am not in a position to go into details on this

question, but I was anxious that Honourable Members should realise that the problem is not so simple as it might appear to them to be and that this is a field in which disinterested promotion of an economic purpose is extraordinarily rare and as I am representing the Treasury which is highly vulnerable in this sphere, I have to be exceedingly careful. The tax on motor spirit, I am sure Honourable Members will realise, is one of the most important taxes in this country. The yield is now of a magnitude comparable with that of the salt tax, so that it is a matter of the very first importance and we have to be exceedingly circumspect in dealing with proposals which impinge upon it.

That, Sir, is all I have to say, and I thank the House for their very favourable reception of my proposals and for their appreciation of what I have been able to do.

THE HONOURABLE THE PRESIDENT : The Question is :

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of excise duty on sugar other than *khandsari* or the palmyra sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the rate of the excise and custom duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, and the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, as passed by the Legislative Assembly, be taken into consideration."

The Motion was adopted.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT : Clause 3.

• THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move :

"That in clause 3 of the Bill to part (a) of the proposed clause (ii) of sub-section (2) of section 3 of the Sugar Excise Duty Act, 1934, the following proviso be added, namely :—

'Provided the price of sugar at Cawnpore does not rise above the prices on 28th March, 1940 by 7 per cent. at the time when duty is paid'."

Mr. President, my task has been lightened very much by the speech of the Honourable the Commerce Member in which he dealt with the troubles of the sugar industry. I shall now take very few minutes in discussing this amendment. The reason why I gave notice of this amendment was that there could not be any justification for giving up the additional duty if the industry was able to recoup it from the consumers. My experience of the sugar industry has been that it manages to reduce the prices during the period when sugar is being manufactured.

THE HONOURABLE THE PRESIDENT : Am I to understand that you are going to withdraw the amendment ?

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir ; I am moving it, but I will not have to justify it so much because of the speech of the Honourable the Commerce Member. I have with me the figures of the fluctuation in sugar prices during the year 1939 and I find that there has been a tendency to depress prices during the manufacturing season and to upgrade them when the manufacture has ceased. The prices went up even to Rs. 15 ; at the moment they are below Rs. 12. The sugar industry has been placed between the devil and the deep sea. On the one hand, it must compete with Java sugar and on the

[Mr. Hossain Imam.]

other hand it has to pay a price for its raw produce which is most uneconomical. The Honourable the Commerce Member very rightly pointed out the fact that the two Governments of the United Provinces and Bihar are trying to kill the goose that lays the golden eggs. It was due to the fact that it was possible to produce sugarcane at a cheaper rate than the sugar industry was concentrated in these provinces. If other provinces had been able to grow sugarcane at the price at which we were able to grow it, the sugar industry would have been distributed widely throughout the whole of India; but merely due to the fact that it was economical to produce sugar at a cheaper rate in Bihar and the United Provinces all the factories were concentrated in Bihar and the United Provinces, although they are not owned by Biharis or the United Provinces men. Bombay is very well represented in the sugar industry. Sir, we realise this. We realise also the constitutional difficulty to which the Honourable the Commerce Member referred. But I venture to ask if there is any duty which the Government of India owes to the agriculturists as well as to the industrialists. Primarily it is the Government of India alone which can so settle the conditions that it would not be practicable for other new factories to come in and queer the pitch of the established industries and also of the cane-growers. The danger to which the Honourable Member referred, *viz.*, that the sugar mills were now starting their own farms, is a real and great danger. I have personal experience of my own in Bihar where they have started farming on their own account, and the Government's solicitude for the poor ryot is merely a lip service by those who are responsible for carrying on the Government in the provinces.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: On a point of order, Sir. May I ask whether the Honourable Member is moving an increase of duty?

THE HONOURABLE THE PRESIDENT: I have not yet understood what the Honourable Member is driving at.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I am asking the Honourable Member to explain what he is aiming at.

THE HONOURABLE THE PRESIDENT: I have been waiting for it; it has not been forthcoming.

THE HONOURABLE MR. HOSSAIN IMAM: My proviso says that this exceptional clause by which the Honourable the Finance Member gave a concession worth Rs. 71 lakhs would be only operative as long as consumers benefit from it and it will not be allowed to go into the pockets of the industrialists alone because cane-growers have already received the price, whatever it was. Between the consumer and the industrialist there is to be a division. As long as the industrialists are losing money they may be profited by the exchequer; the exchequer should reduce the rate of the duty. But if the increased price rises above 7 per cent.—there is no fetish about 7 per cent., simply an increase of one rupee per cent. has been equated —

THE HONOURABLE THE PRESIDENT: You want a rise in the price?

THE HONOURABLE MR. HOSSAIN IMAM: No. This will operate only as long as certain conditions prevail.

Reference was made, Sir, by the Honourable the Finance Member to power alcohol. I was rather surprised when the Honourable Member stated that in the case of power alcohol the Provincial Governments want to pocket the excise duty. As far as my information goes, they had provided that the Central Government will get its excise duty.

THE HONOURABLE SIR JEREMY RAISMAN: I indicated that what was contemplated was a scheme whereby the Provincial Government would buy the power alcohol at one price and sell it at another and that since the Provincial Government had no power to levy an excise on power alcohol, a legal problem arises from that. That was what I indicated.

THE HONOURABLE MR. HOSSAIN IMAM: I thought he meant that the manufacture of power alcohol will deprive the Central Government of its share of Rs. 2 crores which it now derives from petrol. If that impression of mine was wrong, then I am sorry.

THE HONOURABLE SIR JEREMY RAISMAN: That is only, Sir, when the power alcohol is manufactured outside British India. If it is manufactured in an Indian State, then I lose the whole of that tax.

THE HONOURABLE MR. HOSSAIN IMAM: The Central Legislature or the Central Government of India are at the moment powerless to prevent Indian States from manufacturing power alcohol. Constitutionally under the Government of India Act they have no *locus standi* in this matter so far as States are concerned. But that is an extraneous matter. It has no connection with the problem that we are dealing with.

THE HONOURABLE SIR JEREMY RAISMAN: It has a very important connection, because at the present moment the greater part of the motor spirit consumed throughout India, whether in British India or in the States, pays the duty to the Central Government.

THE HONOURABLE MR. HOSSAIN IMAM: Similarly, Sir, if power alcohol were to be manufactured in British India, the Honourable Member could charge it and even when it went to Indian States it would be so charged.

THE HONOURABLE DEWAN BAHADUR SIR RAMASWAMI MUDALIAR: No.

THE HONOURABLE MR. HOSSAIN IMAM: The Honourable Member may say "No", but I would ask him to cite to me any definite provision in the Government of India Act by which he is debarred from doing it. If excise duty can be charged on petrol, there is no reason why excise duty cannot be charged on power alcohol if it is manufactured in British India.

THE HONOURABLE SIR JEREMY RAISMAN: I am afraid the Honourable Member must take it from me that what I said is correct. It will take too long to explain it to him, but it is a fact.

THE HONOURABLE MR. HOSSAIN IMAM: If there is a constitutional difficulty it can be got over by running to Whitehall and making an amendment of the Constitution Act.

THE HONOURABLE SIR DAVID DEVADOSS: It could be done tomorrow?

THE HONOURABLE MR. HOSSAIN IMAM: It is a long range policy. Sir David Devadoss should know that we are not talking of today. We are talking of years ahead. We are not so short-sighted as to consider only what will happen on the 4th April.

THE HONOURABLE SIR DAVID DEVADOSS: Let us pass this Bill.

THE HONOURABLE MR. HOSSAIN IMAM: At the moment I am referring to the fact that all the difficulties which the Honourable the Commerce Member related arise because 30 per cent. of our petrol supply had to be imported from outside. Now you are able to manufacture 20 per cent. of your requirements from power alcohol and there would be no need of spreading the burden on the rest of 7½ per cent. which the Honourable the Commerce Member has done. He has very kindly stated what is the real position but that has further brought out the glaring fact that the Government of India is not working on making India self-sufficient.

THE HONOURABLE SIR JEREMY RAISMAN: On a point of order, Sir. Is the Honourable Member speaking to this amendment?

THE HONOURABLE THE PRESIDENT: He is not. All the time I have been wondering what he is talking about.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I was saying that this duty should be reduced so that other concerns may not come in and start new factories. The Honourable the Commerce Member pointed to the fact that when the quantum of protection is increased there is a possibility of new companies coming in and in that sense, Sir, it will queer the pitch of the present industry.

THE HONOURABLE THE PRESIDENT: I would advise you to withdraw the amendment.

THE HONOURABLE MR. HOSSAIN IMAM: Very well, Sir, if it is your advice, I will withdraw the amendment as I feel doubts on its admissibility.

The amendment was, by leave of the Council, withdrawn.

Clause 3 was added to the Bill.

Clauses 4 and 5 were added to the Bill.

Schedule I was added to the Bill.

Clauses 6 and 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. C. E. JONES: Sir, I move:

"that the Bill, as passed by the Legislative Assembly, be passed."

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, the Honourable the Finance Member remarked that I had the hardihood to raise the question of the revaluation of the gold reserve. I should like to know how he had the audacity to question the wisdom of the action of Mr. Montagu Norman of the Bank of England and Mr. Morgenthau of the U. S. A. Federal Reserve Banking System.

THE HONOURABLE THE PRESIDENT: Surely at the third reading you cannot ask the Honourable Member to give any such explanation. I overrule it.

Motion moved:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR REGINALD MAXWELL (Leader of the House): Sir, I suggest that the House should next meet on Friday, the 5th April, when the National Service (European British Subjects) Bill will be taken up for consideration.

The Council then adjourned till Eleven of the Clock on Friday, the 5th April, 1940.

COUNCIL OF STATE.

Friday, 5th April, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 4th April, 1940, namely:—

1. A Bill further to amend the Indian Tariff Act, 1934.
2. A Bill further to amend the Indian Tariff Act, 1934 (Second Amendment).

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, the following messages have been received from the Secretary of the Legislative Assembly:—

“In accordance with rule 36 (1) of the Indian Legislative Rules the amendments made by the Council of State in the Bill to impose a tax on excess profits arising out of certain businesses were taken into consideration by the Legislative Assembly at its meeting held on Tuesday, the 2nd April, 1940, and that the Assembly has agreed to the amendments.”

“In accordance with rule 36 (1) of the Indian Legislative Rules the amendments made by the Council of State in the Bill further to amend the Factories Act, 1934, for a certain purpose, were taken into consideration by the Legislative Assembly at its meeting held on Thursday, the 4th April, 1940, and that the Assembly has agreed to the amendments.”

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE THE PRESIDENT: Honourable Members, with reference to the announcement made by me on the 26th March, regarding nominations for election to the Standing Committee to advise on subjects in the Department of Commerce, I have to inform the House that the Honourable Mr. Abdul Razak Hajee Abdul Sattar has since withdrawn his candidature. As there now remain the following two candidates for two seats I declare them duly elected:—

1. The Honourable Mr. Chidambaram Chettiyar.
2. The Honourable Mr. Shantidas Askuran.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to elect six non-official Members from the Council who shall be required to serve on the Central Advisory Council for Railways. The election will be according to the principle of proportional representation by means of the single transferable vote and the ballot papers will now be placed in Members' hands and I ask the Honourable Members to vote in accordance with the instructions noted thereon.

(Ballot papers were distributed and Honourable Members recorded their votes.)

THE HONOURABLE THE PRESIDENT: The result of the election will be communicated to Honourable Members later.

NATIONAL SERVICE (EUROPEAN BRITISH SUBJECTS) BILL.

THE HONOURABLE MR. A. DEC. WILLIAMS (Nominated Official): Sir, I move:—

"That the Bill to make certain provisions relating to service by European British subjects in the armed forces of, or in a civil capacity under, the Crown, as passed by the Legislative Assembly, be taken into consideration."

Sir, the main object of this Bill is to secure more efficient recruitment, more particularly in the officer class and more particularly in the class of technical recruits, in the armed forces of the Crown and in certain allied civil employment under the Crown. Experience of the last war showed that recruitment of this kind was not always made in the most efficient and economical manner. By efficient, I mean that a number of efficient candidates no doubt escaped notice. By economical, I mean that it is highly probable that a large number of persons were taken into the defence forces who might have been more usefully retained—more usefully, I mean, to the common welfare—in their civil employment. It is our object, therefore, to secure as many persons with technical qualifications,—for such persons could only be obtained with difficulty, if at all, from overseas,—for the kind of employment which I have mentioned, at the same time leaving the civil industry their key men, as it is by now well understood, and it is fully recognised by Government, that civil industry may play a very important part in a war such as that in which we are now engaged. With this end in view, a register has been prepared by Government under the powers conferred by Ordinance II of 1939, since replaced by Act I of 1940. The register is in a classified form, showing as far as possible the qualifications of those registered and the degree to which they can be spared from their civil employment. The time has now come to give effect to the work done on this register. So far the system of recruitment followed has been to consult informally constituted advisory committees very much of the kind contemplated by clause 5 of the Bill. But it has been found that these committees labour under considerable difficulty as there is no statutory authority for their existence and they have no statutory power to obtain the information necessary for them to give their advice. For instance, any employer is completely at liberty to disregard these committees and to refuse to furnish just the information which they require to tender their advice.

It is further felt that if Government endeavour to leave to civil industry as far as possible such employees as are essential to its continuance, the least that employers can do is, so far as in them lies, to reinstate in their civil employment at the end of hostilities such employees as can readily be spared. Hence the provisions of clause 8 of the Bill, which follows the corresponding obligatory provision in the British statute, the National Service (Armed Forces) Act, 1939. Moreover, if a prospective recruit has prospects of reinstatement it is less easy for his employer to deter him from joining up. The provision for reinstatement does not, of course, apply to employees who cannot readily be spared from their civil employment. Government also feel that there is considerable advantage in Government itself giving a lead to individuals, indicating how best they may be employed for the common good; and Government have already received indications that a lead of this character is welcomed, as it relieves the individual of an often invidious and embarrassing choice.

Having explained the objects of the Bill, I will briefly deal with the machinery which it provides. I have already explained that Government have a provisionally classified register. On the basis of the entries in this register Officers Commanding Military Districts would be empowered, having regard to the war-time requirements of the Crown, to summon any person of the class registered to attend before a National Service Advisory Committee. These committees, as Honourable Members will see, are representative of Government on the civil and defence sides and of civil industry. They will be armed with statutory authority to obtain information necessary for their work. The committee would report on each individual as to whether he can or can not be spared from civil industry, and if he can be spared, whether he is fit for national service. An individual who is reported upon, as both available and fit would be asked whether he is willing to take up national service. If he is willing, then he may be invited to take up a specified appointment. If he does so, he obtains the right of reinstatement in his civil employment subject to certain safeguards of the rights of employers, notably the right to refer disputed cases to a tribunal constituted under clause 9 and presided over by a judicial officer.

These, Sir, briefly are the objects and scheme of the Bill. I shall no doubt be asked why the Bill is limited to one community only. The explanation is that, having regard to its numbers that community can provide a greater proportion of personnel, particularly technical personnel, of the kind which we are aiming at. This community is subject in other parts of the Empire to obligations in respect of war service. This community has been included in the register to which I have already referred and of which this Bill is the logical outcome; and the register was limited to that community for the very simple reason that a national register of a sub-continent with a total population comparable to that of India was clearly unworkable.

THE HONOURABLE THE PRESIDENT: Can you inform the Council what is the total strength of the community?

THE HONOURABLE MR. A. DEC. WILLIAMS: The total strength of the effective entries in the register is somewhat over 8,000 or 9,000.

And this brings me—for I think it is perhaps convenient that I should deal with it at this stage—to what has obviously inspired the amendments to the Bill which have been tabled. The substitution of the word "Emergency" for "National" is clearly aimed at the limited scope of the Bill.

THE HONOURABLE THE PRESIDENT: I would advise you not to anticipate the amendment of the Honourable Mr. Kalikar at this stage.

THE HONOURABLE MR. A. DEC. WILLIAMS: No, Sir, I will only at this stage endeavour to explain the reason for the employment of the expression "national service". National service does not mean service by Indians; it does not mean service by Europeans; it means service in the interests of India. You can have service in the interest of India by Indians, Europeans, or for the matter of that, Americans.

The definition of "European British subject", it will be observed, extends to Europeans born, naturalised or domiciled in any Dominion as defined in the Statute of Westminster or in any Colony except Ceylon. Following your advice, Sir, I do not propose to anticipate. But if Honourable Members will look at the Statement of Objects and Reasons they will see that the Bill is designed as far as possible to bring European British subjects into line with their fellows in other parts of the Empire. I cannot hope to set forth with the same eloquence as the Honourable the Commerce Member did at our last meeting the grave considerations involved in this struggle and the necessity for the Empire hanging together. If the object of this Bill is to bring Europeans in India into line with other parts of the Empire, we cannot possibly contemplate that the Bill should bring Europeans in other parts of the Empire out of line with Europeans in India.

Sir, I move.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce): Sir, when on the 1st of September last we realised that war was upon us a large number of men of all races were anxious to do their best to get to the front and to fight the foe with the least possible delay. Any war attracts a certain number of men of the more adventurous type, but I think no war in the past has ever attracted so many men who would normally not want to fight, men who abhor in a general way, war of any kind. That I think was because the whole intelligentsia of the world appreciated that what we are fighting on this occasion is hatred, malice, cruelty, oppression of a kind which nobody could conceive, and when we look back over the last few months we realise the horrors of the treatment of Poland and Czecho Slovakia, the cruelty to man, woman and child, murder and rape, cruelty of every disgusting kind. I know that many men in this country had only one wish, not only Europeans, not only Englishmen, Americans, or anybody else, but Indians, a lot of us, we all, wanted to go and have a go at the Nazis and to put down this evil thing. We, as Europeans, were quickly made aware of the fact that we were not to be permitted to do exactly as we liked. I am not grumbling about that, but we did feel a little hurt at the time; a lot of people wanted to go by the first boat or plane and arrive in France to do their bit. Those of us who lived through the last war do realise that there was a good deal too much of that kind in the last war and that you did have people fighting in the front line trenches who could have done fifty times as much good to the cause which they wanted to support if they had been in the laboratory or somewhere, at any rate in a different place. There are I know a lot of Indians today who want to get into the Flying Corps. I do not know—it may be that it is much wiser that they should remain in India as a nucleus of something which may be very necessary at a later stage in this war. After all the war may be long, it may be short. We all hope it may be short, and to that extent, I am quite sure, that we would all be very glad if our opportunity did not come. But on the other

hand it may be much more important that these people should be available in India than that they should be now on their way to the front in France. After all, the first duty of a soldier is to obey and I think that in time of war we all have much the same duty. We can, we must, trust those who are appointed to deal with these matters and do what they think is right. I look at it this way. I consider that the service which we can and ought to render now is not only a national service in the ordinary sense, not only a service to India, or to England or whatever one's own particular country may be but it is a service to humanity, humanity as a whole.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Mr. President, at first sight it may seem that the Bill before us is purely formal and does not affect Indian interests at all. Apparently it concerns European British subjects only and as they want it, there appears to be no reason why there should be any objection to its acceptance by the Legislature. I am convinced, however, that this is an entirely erroneous view and that the Bill very nearly touches both our interests and our self-respect. The Bill is to be called the National Service (European British Subjects) Act. Now, what does this service relate to? It is connected with the great war and is to be rendered in India. It seems to require some explanation therefore as to why Indians should not be chosen to render any service that may be required to be done in connection with the war in their own country. Europeans may be highly qualified. They may, as the Honourable Mr. Williams said, be able to provide a larger number of qualified men in proportion to the strength of their community than other communities can. But is this any reason for singling them out for the imposition of any duties or the conferment of any privileges. There are a few thousand Indians living in England always; the population is fluctuating, but you will every year find about 3,000 to 4,000 Indians in England. Suppose that a war were to break out directly on account of India and that the Indian Legislature passed a law imposing service of a particular kind on Indians of certain classes or between certain age limits, would the Legislature of England or of any Dominion where there are Indians in that case pass legislation placing Indians in a special position in regard to any duties or privileges in connection with the war? If England or the Dominions wanted to help and show their sympathy towards India, they would doubtless ask their own nationals to perform the required duties. They would not single out Indians and pass a special law dealing with them. For these reasons, Sir, I do not see why we should be asked to pass the Bill which has been laid before us. To say that this Bill would place European British subjects in India in the same position as Europeans in England and the Dominions is not to say anything that could carry weight with us. We have to consider whether there is any special reason for choosing European British subjects to perform any military or civil duties. There may be differences of opinion in India with regard to the war, or rather there may be differences in the attitude of different sections of the people towards the British Government in connection with this war, but there is hardly any section which would not willingly accept any duties that might be imposed upon it provided those duties went along with the status that the whole Indian community asks for. Now these duties, that is the duties that are referred to in this Bill, are, I take it, of a responsible character. No Indian, I am sure, would decline to shoulder them. Yet it is precisely where the question of bearing heavy responsibilities is concerned, where the question of filling important positions is concerned, that a discrimination is made between Europeans and Indians and in the name of national service and

[Pandit Hirday Nath Kunzru.]

putting European British subjects in India on a level with European British subjects in other parts of the Empire, a difference is made between Britishers and Indians in this country. I hold, Sir, that, if the main reason for placing this Bill before the House is that men should be available for the performance of certain duties or that European British subjects should be enabled to pull their weight in connection with the war, there is absolutely no justification for the Bill. There are qualified Indians available for the performance both of military and civil duties. I will not go so far as to rule Europeans out but I would certainly ask Government to give preference to Indians in this matter. In the second place, I would like to point out that there is nothing at present which debars Government from asking European British subjects in India to perform certain duties. Indeed, the debate that took place in the Legislative Assembly two or three days ago made it clear that there was no reluctance on the part of European firms to allow their employees to take up duties connected with the war. The Europeans wanted this Bill as a matter of sentiment.

THE HONOURABLE THE PRESIDENT : This would compel Indian firms also who employ Europeans.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : They wanted, the Europeans wanted it as a matter of sentiment. They want to be able to say that they serve in connection with the war on a footing of equality with European British subjects elsewhere. Well, if you consult the pride of the Europeans in passing this Bill, is it not your duty to consult the pride of the people of this country and to consult it more than the feelings of the Europeans ? The Bill is not only unnecessary but absolutely short-sighted in that it creates feelings of resentment against Government in the hearts of the very people whose co-operation they ought most to desire.

Apart from this, Sir, as you have very pertinently pointed out, Europeans are not employed only in British firms. They are employed in Indian firms too. It is only right, therefore, that Indians too should be consulted in a matter of this kind. Apart from the question of principle that I have raised, have Government provided for the appointment of a single Indian on what they call the *National Service Advisory Committee* ? They have ignored Indian interests altogether.

But this, Sir, is not the whole of the story. There are certain other points that require the careful consideration of the House. In September last, European British subjects between the ages of 16 and 50 were prevented by action taken under the Defence of India Ordinance from leaving India. This action was taken on the ground that, if those people were allowed to go out of India, India would lose the services of men who were qualified to be appointed to commissioned ranks in the army. When the Defence of India Bill was before this House, I ventured to criticise this order and to point out that the order was wholly unjustified because there were plenty of Indians available who could fulfil any duty that might be laid upon them by Government. Government, nevertheless, asked Europeans who were desirous, as Mr. Parker pointed out, of leaving India as early as possible in order to take a direct part in the war elsewhere, to stay here in order that they might employ European British subjects in as many responsible positions as was possible in this country. You are carrying that principle a stage further now. You are giving it statutory recognition today, and you expect us to agree to it.

Even, Sir, if this Bill related to persons born or resident in England, it would be highly objectionable in our eyes for the reasons that I have indicated. But the Bill is not, as a matter of fact, confined to them. It extends to Europeans naturalised or domiciled in any Dominion as defined in the Statute of Westminster, 1931, or in any Colony except Ceylon. To place the people of England in any privileged position as compared to Indians would have been objectionable enough. But to confer a privilege on the Dominions is to touch us on our most sensitive point. Government know very well the manner in which Indians are treated in the Dominions. They are aware of the strong resentment aroused all over India by the unequal and in some cases humiliating position assigned to Indians in the Dominions. They have so far taken hardly any notice of that fact in shaping their policies. They allow persons from the Dominions to be appointed to the Indian Civil Service. They appoint citizens of the Dominions to commissioned posts in the army. They allow military officers belonging to the Dominions to serve for a short period in the Indian Army in order to acquire experience. They employ them in the Indian Medical Service. The recruitment of Indians to the Indian Medical Service is to be limited to 33½ per cent. of the annual vacancies. Two-thirds of the vacancies are to be given to European British subjects and the citizens of the Dominions are eligible for selection. In fact, I understand that there has been some difficulty of late in obtaining medical men in the required numbers for the I. M. S. from England. Men from the Dominions are, therefore, being freely admitted into the I. M. S. and this is being done, not because Indians of the highest qualifications are not available, Indians who hold more than one high European degree, but because Government have arbitrarily decided that a large proportion of the annual vacancies must be filled by Britishers. Not content with flouting our sentiments in all these respects, Government ask us to confer statutorily a privileged position on the citizens of the Dominions, which persistently and deliberately discriminate against our nationals in their own country. What reason can there be for this attitude except that the Government of India, while professing to desire our friendship and to satisfy us with regard to our status, do not in reality have any desire whatsoever to place Indians on a footing of equality with the Britishers ?

My Honourable friend Mr. Williams said in the other House and repeated today that the number of Europeans connected with the Dominions who are living in this country could not but be small ; this Bill was of no practical importance, therefore, so far as they were concerned ; it was only a gesture of goodwill and good fellowship. Because the Members of the Assembly could not accept his view, he made what I venture to call a discourteous remark and said that it seemed to him that the Members of the Assembly wanted to extend in this emergency not good-will and good-fellowship but ill-will and ill-fellowship to other parts of the Empire. I ask him to consider what is the number of Indians in other parts of the Empire. It is only appreciable, comparatively speaking, in South Africa. It is practically negligible in Australia or New Zealand or Canada. Have the Governments of these countries conferred any privileges on our countrymen there in connection with the war ? Have they tried in any special way to cultivate the good-will of Indians and to make us feel that they are extending their good-will and good-fellowship to us ? I wish that the Dominions would place even half a dozen Indians in positions of responsibility in connection with the war. But, is any Dominion Government prepared to assign a position of equality, much less to give preference, to Indians in any matter whatsoever ? Yet, the Government of India have the hardihood to come here and asks us to pass this Bill which deeply hurts our self-respect in order to please the Dominions.

[Pandit Hirday Nath Kunzru.]

I have shown, Sir, that this Bill is unnecessary so far as the selection of European British subjects for war service is concerned. Government can, if they want to discriminate against us in practice, be content with the present position because I understand there is full co-operation between them and the employers of Europeans. I have also shown that this Bill deeply wounds the self-respect of India. I think, therefore, that it may justly be described as a gratuitous insult to our country. It is the duty, therefore, of every self-respecting Indian to oppose it with all the strength that he can command.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, my point of view in regard to this Bill is identical with that of the Honourable Mr. Kunzru. The Honourable Mr. Williams stated that the object of the Bill was to provide for more efficient recruitment, more particularly in the officer class and in the technical branches. Now, the Bill is described as National Service (European British Subjects) Act, 1940. I should have thought the word "National" would have reference to India, but the brackets exclude Indian British subjects expressly. Therefore, according to the Honourable Mr. Williams and the Government the word "National" in India means the Britisher; the Indian is not national so far as India is concerned. That I think is a fair interpretation of this word "National" as used in the Bill. I could have understood some such word as "emergency", but I do not understand this word "national".

THE HONOURABLE THE PRESIDENT : Will you please reserve your remarks on that till the Honourable Mr. Kalikar has moved his amendment ?

THE HONOURABLE MR. P. N. SAPRU : Very good, Sir, I will reserve my remarks on this part till he has spoken.

Then the principle of this Bill is in my view racial discrimination. There is to be a national register for Europeans. So far as Indians are concerned they are nowhere in the picture at all. The Honourable Pandit Kunzru has explained that Europeans are not in any disadvantageous position today. European employers have been co-operating with the Government so far as the information required by this Bill is concerned. It strikes me, Sir, that the national service contemplated by this Bill is connected with the great war; and why should India and Indians be excluded from this service? Why are Indians not to be chosen to render service in India? Why must Europeans be treated as a privileged class or as a special class in India? After all it is the Indian Legislature which is enacting this Bill and the Indian Legislature must see to it that there is no discrimination between Indians and Europeans. It may be said that the duties to be performed by those who will be on the national register are of a responsible character. Well, is it seriously suggested that Indians are unfit to render service contemplated by this Bill? Europeans want this Bill as a matter of pride. That is the fact of the matter. But if you want it as a matter of pride, then why not consult the pride of India also? If you are proud of your specially privileged position in this country then we are also proud of our inheritance, of our culture and civilisation, and we cannot agree to a Bill which makes a differentiation between you and us. It may be said the number of Indians is very large and after all Europeans are a very small community and therefore for reasons of administrative convenience the Bill has been limited to European British subjects. I do not think that there is much validity in this argument. I think, given the will, it ought to be

possible to have a mixed register of Europeans and Indians with certain qualifications. Why introduce the word "European" unnecessarily in connection with the Bill?

Sir, there are three objections that I have strongly to urge against this Bill. First of all I find that the definition of European British subject is most unsatisfactory. "European British subject" means any subject of His Majesty of European descent in the male line born, naturalised or domiciled in the British Islands or in any Dominion as defined in the Statute of Westminster, 1931, or in any Colony except Ceylon. Well, Sir, it means that you are going to extend the privileges contemplated in this Bill not only to Britishers born in the British Islands but also to South Africans, Canadians, New Zealanders, Australians, Fijians, and other Colonial-born Europeans, the Europeans of the Kenya Highlands—all places except Ceylon. Well, Sir, our relations with some of the Dominions have been notoriously bad. Our nationals do not get a fair deal in the Dominion of South Africa, and I see get a fair deal particularly in the Dominion of South Africa, and I see no reason why we should at any time, whether of emergency or non-emergency, show any consideration to those who hate us, who treat us like slaves and chattel, who have no consideration for our sentiment, who have no respect for our civilisation or our culture, who look upon the Indian as a definitely inferior person. I think it is monstrous that we in this country allow South Africans to enter our services, to join our army, to command our troops, to be in charge of our districts, to be even at times Governors of our provinces. I believe there have been one or two Colonials who have been Governors of our provinces. I think it is monstrous that men who have a low opinion of Indian character and Indian civilisation should have any privileges extended to them in India at any time whatever. I certainly think that the inclusion of the Dominions and of the Colonies is most deplorable. Sir, look at our condition in Kenya. These Kenya Lords of the White Highlands are very very arrogant people. They have shown absolutely no consideration whatsoever to Indians in Kenya, and yet a Kenya Highlands European if he happens to be in India is to be treated as a special class. I do not know how he can be described as a European. He lives in Africa. I do not know how the Australians can be described as Europeans. They live in Australia. His ancestors may have come from Europe.

THE HONOURABLE MR. R. H. PARKER.: It is a question of origin.

THE HONOURABLE MR. P. N. SAPRU : If we trace our origin, we also came from Central Asia and we might look upon ourselves as Central Asians. Why have this word "European?" I am not talking of it in the legal sense. I think it is insulting to use the word "European". The word "European" includes Germans, Italians, Russians, and I think you are not particularly in love with Germans and Russians. You may be courting Italy for reasons which are obvious. I cannot reconcile myself to the inclusion of the Dominions and the Colonies in the scope myself. Then, national service is defined as service to the armed forces of the Crown or in any civilian capacity under the Crown. That is all right. But then from this national service in the armed forces of the Crown or in any civilian capacity under the Crown, your intention as disclosed in the Bill is to exclude the Indian. Therefore, it cannot be national service. It may be any other kind of service. It may be service in the interest of the European race, but it cannot be described as service in the interests of the Indian people, or in the interests of the Indian race.

[Mr. P. N. Saprū.]

I invite your attention to another clause which is open to very serious objection, and that is clause 5, which says—

“The Central Government shall constitute for such areas and in such places as it thinks fit committees (in this Act referred to as National Service Advisory Committees) to exercise the functions assigned to such committees by this Act”.

I come to the clause to which I take objection—

“Each National Service Advisory Committee shall consist of not less than four members of whom one shall be an officer of one of His Majesty's Forces in India appointed by the competent authority”,

you may assume that he will be an Englishman, because there are few qualified Indians who can be appointed to this position having regard to the policy of Indianization that has been pursued by Government in the past. Then comes this clause :—

“and the others shall be European British subjects, not being servants of the Crown, appointed by the Central Government”.

Sir, I object to this racial discrimination in a statute. There is a statutory disqualification introduced by you against Indians in this clause. According to the clause no Indian can serve on this Committee, not even Indian employers, and there are Indian employers who employ Europeans. Therefore there is to be a statutory disqualification against Indians and this is a Bill which is styled the National Service Bill and which is intended to secure more efficient recruitment, more particularly in the officer class and in the technical branches of national service. There is not only here reservation for European British subjects, but there is total reservation for European British subjects and there is exclusion of Indians from service on this Committee and I think, Sir, that is very very unsatisfactory. The mere fact that you have a clause like this makes it impossible for any self-respecting Indian to lend his support to this Bill. Then, Sir, let me come to sub-clause (4) of clause 5—

“A national Service Advisory Committee shall have power to co-opt as additional members for such time or purpose as it thinks fit any person qualified for appointment to the Committee by the Central Government”.

That is to say, even co-opted members must be Europeans. The qualification not only for the original members but also for the co-opted members is that they shall be Europeans and “Europeans” means Britishers, *pukka* Britishers or Dominion-born Europeans or Colonial-born Europeans. There is no place in this picture for the Indian whatever. Again, Sir, I would invite the attention of the House to clause 9 which deals with the constitution of tribunals. Clause 9 gives power to the Central Government to constitute tribunals to hear and decide any matters referred to it under the proviso to section 8. What is going to be the constitution of this tribunal? Here again you find a racial qualification laid down :—

“Each tribunal shall consist of three members to be nominated by the Central Government, of whom one who shall be Chairman of the tribunal shall be a member of a Civil Service of the Crown not lower in status than a District and Sessions Judge, one shall be a military officer not below the rank of Brigadier”

—we know that there is no Indian who holds the rank of Brigadier today; so Indians are disqualified *ipso facto*—

“and one shall be a European British subject, not being a servant of the Crown”.

You have expressly laid down that so far as the non-official member is concerned he shall be a European British subject and he shall not be an Indian. That is to say, the South African, the New Zealander, the Canadian, the Fijian Euro-

pean, the Malayan European, are to be placed in a position of advantage as compared with the people of this country and their national sentiment, their national pride, their pride of race, is to be respected; so far as the Indian is concerned, he is to be regarded as a helot in his own land. This Bill you introduce at a time when you need the help of India and when you need the co-operation of India and when I say you have the ideological sympathy and support of India. You think that you can win the heart of India or Indians by measures of this nature, by legislation of this discriminatory nature? What is the hardship that Europeans are suffering at present! So far as Government is concerned, administratively it has been getting all the help and all the co-operation and all the assistance that it needs from the European community and a case has not been made out that a statute is necessary to help in securing the help that Government need from Europeans. Why do you want this legislative discrimination? What is the reason for this legislative discrimination? Why do you want to hurt the sentiments of India? It may be that we are a very sentimental people, that we are an emotional people. I am prepared to make all these admissions in your favour. Even so, I think that you are responsible for this inferiority complex from which we are suffering. Because you have encouraged this race feeling by your superior attitude, by your arrogance, in the past. And why can't you respect our feelings at this moment? Why must you trample on our cherished feelings at this moment? I think, Sir, no case has been made out for this Bill and I must consider it my duty to offer strenuous opposition to it.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General): Sir, this Bill seems to me to be an ill-conceived measure which shows a complete lack of statesmanship on the part of the Government of India. I say so, Sir, because they know that a major political party in India has taken a different stand on this question. They desire the warm support of India in the prosecution of the war and those of us who are anxious to support them have been handicapped from the very beginning on account of certain actions on the part of the Government. And now, Sir, we find that Government are adding fuel to the fire by bringing a measure of this sort before the Central Legislature.

Sir, almost all the important points that have to be urged against this Bill have been urged by my Honourable friends Pandit Kunzru and Mr. Saprū. I am looking at the Bill from a different point of view. I want that at this juncture Government should not commit any mistake whereby the support for democracy which they are getting would in any way be mitigated by measures of this kind. They say that the Bill is necessary because they have to maintain a register and they cannot afford to maintain a register for every community. If they can maintain a register for a particular community, I do not see any force in the argument as to why they cannot maintain a register for other communities from which they can choose all the best qualified technical men that they require for their purposes.

Sir, apart from that, if you want the support of the Central Legislature for a measure like this, how can you afford to discriminate against Indians and give special privileges to the Europeans and specially to those European British subjects who come from the Dominions and Colonies? Sir, it is really an insult to the self-respect of Indians that it should be announced to the whole world that a sufficient number of competent Indians is not available in India for defending the country and therefore the Government of the

[Mr. V. V. Kalikar.]

country had to bring in a measure like this to include Europeans in it. Sir, the position seems to me to be rather anomalous. You call it a National Service Bill and you want to exclude from it the nationals of India. However, Sir, I understand from the speech made by my Honourable friend Mr. Williams this morning, that the word "national" has been used as qualifying the word "service". I think I have followed him correctly. Then, Sir, if that is the position, do they consider that, if Indians were to enter in the service, they would not be rendering national service? I really fail to understand the implication of the argument used by my friend Mr. Williams this morning. I find in this Bill that the definition of European British subject in this Bill does not agree with the definition contained in the Government of India Act. I do not know, and no argument has been advanced up till now, why, if they wanted only the services of Europeans born or naturalised in the British Isles, why the definition should include those European British subjects who have been born, naturalised and domiciled in the Dominions or the Colonies. Apart from this question that we have been ill-treated in the Colonies, that we have been treated worse than slaves in the Colonies and Dominions, I do not understand why my friend wants to give such an important position in the present circumstances to those European British subjects who have been born, naturalised or domiciled in the Dominions or Colonies.

Sir, I do not want to use this opportunity for ventilating the grievances of our nationals abroad. But I do certainly state that when our Government are in sympathy with us in that matter, they should not have included in this Bill at least the European British subjects born, naturalised or domiciled in the Dominions. I understand that Indians are not allowed to enter the Colonial Civil Service. Sir, after reading the Statement of Objects and Reasons, I first thought that the Bill was confined to war service. But, when I went through the clauses of the Bill, I found that their services are also required in a civil capacity. That means that you are establishing the fact, which is wrong and incorrect, that you do not get Indians not only for war service but even for civil service. It is a slur on the manhood of India to say that you do not get a sufficient number of Indians for even civil service. My friend Mr. Sapru has already submitted how in this Bill we find a clear racial discrimination. You appoint a Board but you won't appoint an Indian on it. You will have a tribunal but you will not trust an Indian to be on it. I really do not understand why the Government of India should take such an attitude at this time. We, who really sympathise with the cause and who really want a successful prosecution of the war do desire to take an active share in this struggle. Apart from those who have differed from you, the rest of India is with you, and in these circumstances I think you are committing a very grave blunder in bringing such a measure at this time before the House.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official): Sir, I would have been equally vehement and equally forcible in my arguments if I were convinced that this Bill in any way relates to the status and interests of Indians. My friends have been very indignant—and rightly so—with regard to the treatment of Indians overseas, and the denial of fundamental and civic rights to Indians in some of the Dominions. It is true India feels very indignant and very much hurt over that matter. But I am convinced that this Bill has nothing to do with the treatment and status of Indians overseas. It is confined to the position of Europeans—to bring the Europeans in India into line with Europeans in England. Beyond that, the scope

of the Bill does not extend. Therefore, this is not the occasion to give expression to our indignation and protest with regard to the treatment of Indians overseas. The Statement of Objects and Reasons clearly shows that the object of the Bill is to bring European British subjects in this country as far as possible into line with their fellows in other parts of the Empire in respect of service in His Majesty's Forces during the present war. We know that during the present war, compulsory service and conscription more or less in a form prevails in Britain. Are we, in India, prepared to accept the principle on which this recruitment has been made? We know the attitude of the majority party in India with regard to the war. We know also what view the other parties take with regard to the war. While wishing the crushing defeat of the Nazis and the cruelty and reckless treatment of the Nazis, they would not lend their help in defeating the enemy. In this condition of things, is it possible to apply the same principle here as in Britain, namely, that Indians should be recruited by compulsory and conscriptive methods? To my mind it seems that the two things are entirely different. The question of the status of Indians is one thing different from what is aimed at in this Bill. It is no good confusing the two ideas, and then attack the Bill for an object which it does not aim at all—

THE HONOURABLE MR. V. V. KALIKAR: May I bring to the notice of my Honourable friend that the Bill does not contain any provision about compulsion, but it does contain provision for recruitment on a voluntary basis? I draw attention to clause 7 (1) and (2).

THE HONOURABLE SIR A. P. PATRO: My Honourable friend forgets that it is open to the firms from where European employees are recruited not to allow them to do so, and it is also open to the firms not to re-employ these people who have been lent out for service in the army. The Bill is, therefore, necessary for the purpose of making it obligatory upon these people to allow these people to serve in the army and when they come back to see that their position with their employers has not at all deteriorated in any way. That is the reason why this Bill is necessary in the case of Europeans. With regard to Indians, there is provision already, namely, under the Indian Army Regulations. Recruitment is going on now. What are known as Emergency Commissions are given to our young men found competent and fit and they are being employed in the defence services. Therefore it seems to me that to bring in the question of Indian status into this simple Bill is not at all relevant for the purpose which we have in view. After all what is meant by "national service" as defined here? It is service under the British Crown. It is for this service that this Bill is intended.

THE HONOURABLE MR. HOSSAIN IMAM: Is it conscription or voluntary service?

THE HONOURABLE SIR A. P. PATRO: The point is what does the Bill provide for. The question raised by my Honourable friend suggests that there is a confusion between what he wants and what this Bill provides for. He is not fighting against what the Bill provides for. He is fighting because the Bill does not provide what he wishes that the Bill should contain. That it seems to me is his real object in opposing the Bill. But the question of Indians overseas does not arise here at all.

Then there is objection because there was no consultation with India as regards whether it would be possible for Indians also to be selected to fill places of responsibility in the army in all its branches. But the point is this.

[Sir A. P. Patro.]

It has already been made clear by our friend's League as well as by the Congress what the condition of things in India is, namely, that they would not raise their little finger to help the British in fighting this war, although they wish the enemy to be defeated. That is the position of the Congress. That being the position of the majority Party in India, is it possible for the Government of India to propose a Bill which would be in the nature of a compulsory measure for the purpose of selecting people to serve in the army? On the other hand there are the existing Army Regulations which enable them to recruit Indians for emergency service. That being so, it seems to me that my Honourable friends have entirely misunderstood the scope of the Bill. Consultation with India further in the matter was quite unnecessary, because its attitude is well known. After all the Government of India are human. They understand what the condition of things are. I do not defend the Government of India. I say they are wrong in many matters, but in this matter there was no need for consultation of Indians. I submit therefore in justice to the public I must clear the position in regard to the dragging of Indian status into this Bill. That is altogether outside the scope of this Bill. I quite agree that there is great indignation in the country with regard to the treatment of Indians in the Dominions, but that does not come into the question with which this Bill is concerned, which is that Europeans in India should be brought on to the same plane as their countrymen in England. Therefore, it seems to me that, taking everything into consideration including the fact of the emergency commissions to which Indians are being recruited, this Bill by itself is a simple one, and helps the European community, and there should be no objection to it at all.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, some objection has been raised by my friends to the name of the Bill—"The National Service (European British Subjects) Act, 1940". Sir, as this Bill has come from the Government of India, which is in itself a subordinate department of His Majesty's Government, I can understand the use of the word "National" in the sense of its master's nationality, but not in the sense of the nationality of the Indian people who are discussing this Bill today. Such a national service Bill should have been passed by the British Parliament and not the Indian Legislature. An Indian Legislature cannot admit the title of "National" for any one but those who are resident and born in India.

Sir, there seems to have been some misconception also about the scope of the Bill. It does not attack the patriotism of the European British subjects to offer themselves for service. There is no element of compulsion in it. It is a voluntary service measure, and in that sense the necessity for it is also not very apparent. After a person has been selected he has still the power to state whether he is willing to serve or not. So there is no necessity for passing this Act in order to bring Europeans resident in India to offer their services, because even after this Act is passed their discretion will remain and they can elect either to serve or to refuse to serve. There is no compulsion in this Act. Then we may well ask, why is this Act being passed? What is the idea behind this Act? What is the necessity for bringing it forward? There is, Sir, in my opinion one necessity. It is to preserve the so-called steel frame of the army, the officer ranks in the Indian Army. They do not wish to give commissions to Indians and in order to avoid that necessity it is being brought forward.

THE HONOURABLE MR. A. DEC. WILLIAMS : I deny that categorically

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : We assert it equally emphatically.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I may state that the authority who are to be the final judges of the place where a person called up will be employed, are the Officers Commanding the Military Districts or Independent Areas of Sind or Delhi, etc., as the case may be. If the service were only to be voluntary in the capacity of a common soldier, it would not call for this Bill. British subjects in India are willing to serve and are serving in the Auxiliary Forces. There is no necessity of bringing forward this Bill. If you want them, again, as technicians, I can say that India has enough technicians of its own. There is no necessity to take Europeans from their service and put European firms into difficulties as they had in the beginning of the war.

Sir, the objects of Indians are two-fold, a sentimental objection as well as a more substantial objection. I have cited one of the substantial objections, that the Government wish to debar, or at least to reduce the number of Indians who will be recruited in the officer ranks. And the second reason is that it will entail a greater expenditure. European personnel are entitled to marriage allowance, children allowance and other allowances which are not admissible to Indians, and the cost will be covered by that item which has been provided in the Budget for "services arising out of the war". The necessity for employing these people in the Indian Army arises out of the fact that our Army is being sent out of India for what is called the external defence of India. It is because of that fact that India might be denuded of its British Army personnel that we have to recruit further people. This necessity arises because of the requirements of His Majesty's Government, but it is bound to be treated by the Government of India as a necessity arising for the defence of India, because Indian forces in India are very small. Mindful of that, Sir, I might say that you are asking us to enter a vicious circle. First of all you take out the Indian Army from India for British needs and then you come and say that our own Army is not enough to defend India and we must spend more. That, Sir, is the great and very advantageous settlement that we have made with His Majesty's Government.

Sir, I should like to emphasise that the sentimental objections of Indians cannot be lightly brushed aside. You are asking for the service of nationals of those countries who have in season and out of season trampled on Indian sentiment and it is not the Dominions alone who are responsible for maltreatment. There is a shadow of excuse for His Majesty's Government where self-governing Dominions are concerned. They can tell us that these are autonomous units and they have the right to discriminate as they like. But what about the Colonies? What about Kenya? Those Colonies are under His Majesty's Government. It is His Majesty's Government itself that is discriminating against us, and yet you ask us that we should make their nationals serve us, officer us—it is not a question of service, it is a question of officering. My self-respect revolts against this. I would not allow a South African to come and boss over me. I am an Indian and I am proud of my nationality. If they are proud, I too am proud of my nationality and I do not want people like that to come and rule over me. It might be said that this is an innovation for me to ask that among the British subjects there should be a discrimination of this sort, but the Government have started discrimination themselves. At the tail end of this clause Ceylon has been

[Mr. Hossain Imam.]

excepted. If there could be any reason for excepting Ceylon, why not other Colonies and other Dominions which have discriminated? I can cite the practice of the Government of India in my support. The Government of India passed an Act in which provision was made that all British Possessions which discriminate against Indians shall be discriminated against. I refer, Sir, to the provision in section 4, sub-clause (3) (b) of the Reserve Bank of India Act, 1934 :—

“A British subject ordinarily resident in India and domiciled in the United Kingdom or in any part of His Majesty's Dominions the Government of which does not discriminate in any way against Indian subjects of His Majesty's”.

If that provision could be included in the Reserve Bank of India Act, I ask why should not a provision of that nature be put in this Bill as well; where there is the further question of bossing? I can well understand why provision of this sort has not been brought in. It is not so much because the necessity compels the Government, because as far as I know people coming under that discriminatory clause would be very very small. It is quite likely that many of the people who could be covered by that discriminatory clause may not come in. Still why has the Government persisted? The reason seems that Government does not care for the sentiments expressed by Indians. The Government is riding roughshod over our sentiments and it does not care what the Legislatures think. Nothing can explain the disregard better than this feeling of security which they enjoy, that they can get any Act they like passed and the opposition in both Houses is denuded of its strength and it cannot offer effective opposition, thanks to the Congress and their childish methods.

Sir, I was stating that this Bill has been brought forward without any necessity because European British subjects are patriotic enough; their patriotism to the Empire is well known and they would very gladly come in if they were called upon to do so. The reason is really in clause 8 of the Bill where a provision has been made for reinstatement and probably the people who are meant to be hit by it are also Indians. Indian firms were not to be relied upon to give service and reinstate their British personnel if they are once taken away and that puts in a nutshell the necessity of this Bill. If the Government is prepared to face the consequences and wants to pass this Bill in spite of the vehement opposition which this Bill has evoked in the other House and also, I hope, in this House, we know that they can get this Bill passed. Even if we were strong enough to reject this Bill, the reserve powers could have been utilised to get this Bill passed. Nothing that we say can influence the action of His Majesty's Government, but they must remember that it is these small pin pricks that develop into gaping wounds with the passage of time. Your disregard and disrespect for the sentiments of Indians is more responsible for the adverse opinion that prevails in India at the present moment than the actions of any of the Opposition Parties. It is your own actions and inactions, sins of omission and commission, which have alienated the masses and not the speeches which are made from the platforms of the Congress. Sir, I have no option but to oppose the Bill if I have any self-respect in me.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN (United Provinces West : Muhammadan) : Sir, I feel, and this is my honest feeling, that this Bill is most painful to Indian sentiment. A couple of days ago in spite of reading the debate in the Assembly and reading the Bill myself, I had an idea

that the Bill was an innocent one and, as my Honourable friend Sir A. P. Patro said, we should not bother our heads about the Indian interest in India or anywhere else, because it touches only the European British subject and none else. On a second consideration and after hearing the speech of the Mover I feel that what I thought about this Bill was not quite correct. It is not as innocent as it appears on the paper. It unnecessarily and undeservedly slaps us on the face. One fails to see what is the necessity of introducing this Bill? I am not pretending, but I say sincerely that I have not understood the necessity of this Bill at the present juncture. In spite of the speeches that I have heard on the floor of this House, I have not been able even now to make up my mind what really is the necessity of this Bill. As my Honourable friend Mr. Hossain Imam said, this Bill is designed to stop Indians getting into the army. I frankly admit that I do not agree with this. I cannot imagine why this Bill has become necessary today when there were so many methods for the Europeans to do service to their country and nation. The only thing which strikes me is what my friend Mr. Hossain Imam said in the end that it is to protect the Europeans who are serving in Indian firms from being chucked out of employment and not reinstated after they have rendered service in the war. But that is so small a thing that even that, I consider, does not appeal to me as a reason for bringing a Bill which is liable to do tremendous damage in this country in the present atmosphere.

THE HONOURABLE MR. R. H. PARKER : Sir, does the Honourable Member suggest that Indians treat their employees worse than Europeans?

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : I don't. Nothing of the kind. But this is the suspicion of the European—an unnecessary and uncalled-for suspicion.

THE HONOURABLE MR. A. DEC. WILLIAMS : May I say, Sir, that I know nothing about the suspicions of the Europeans. But it is not the suspicion of the Government.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : Well, say the Europeans or the Government. The introduction of the Bill by the Government goes to prove it.

THE HONOURABLE MR. A. DEC. WILLIAMS : It is not an argument in favour of the Bill, Sir.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : Now, Sir, I want to refer to the speech of the Honourable Mover which really made me get up and oppose this Bill, and that is that this Bill is designed for service in the interests of India. That was—if I am not mistaken—I am open to correction—what I heard my Honourable friend say.

THE HONOURABLE MR. A. DEC. WILLIAMS : Yes.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : And yet, the irony of fate is that the Indians have been so mercilessly excluded from anything in connection with this Bill that it was not even thought proper to give them the credit of becoming members of the advisory committee which is a very very harmless body and has nothing to do with the execution of policy.

THE HONOURABLE MR. P. N. SAPRU : The section expressly excludes them.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : As my Honourable friend remarks, the section expressly excludes them. Now, a thing which is going to be done in the interests of this country, in this country, under the authority of the Indian Legislature, is it to be framed in a manner which would insult the Indian prestige and self-respect?

Now, I would ask the House to consider one more point. It has been brought out in the speeches and it is itself clear that no compulsion is attached to any European to serve in the war under this Bill. What is this Bill designed for?

THE HONOURABLE MR. R. H. PARKER : To help the war.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : To help the war?

THE HONOURABLE MR. P. N. SAPRU : Without Indian co-operation.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : It appears to me that there are only a handful of Europeans in this country who can help the war. I admit that the majority party, that is the Congress, has not yet actively given any help in the prosecution of the war, but there are others apart from the Congress who have come forward and actively helped in the war, and they are very much more than those few handful of Europeans who are here. Now, what is there in this Bill which will make the Europeans help in the war more than before this Bill was put into this House? The answer can only be "nothing". This Bill does not improve the position of any European who wants to help in the prosecution of the war except that under section 8 he will have the right of reinstatement. Now, I ask my Honourable friends on the other side, are there not Indians today who are coming forward in batches and in numbers ready to serve for the successful prosecution of the war? There is the majority of Indians—no, I say the whole of India, which stands against Nazism. It may be that on account of their domestic quarrels, some party may not have seen its way to actively to help, but everyone stands together in condemnation of Nazism. What I say is this, that supposing an Indian who is employed in a firm, a European firm, or may be an Indian firm, wants to come and serve in the war, what would be his position? If the object was to give relief by way of reinstatement, does he not require that relief? Is it the European only who requires that relief? My contention is that, if the Government wanted, they could include Indians equally in this in spite of the fact that a party has not yet seen its way to co-operate actively, by putting the sentence "such persons who are willing.....". After all, even the Europeans will be called and asked whether they are willing to serve or not. Why this exclusion? What is the object of this exclusion? It is very difficult to understand. If it was only a question of sentiment on the part of Europeans, I do not think it was statesmanlike or sound diplomacy to respect the sentiments of Europeans by alienating the friendship and sympathy of so many Indians. In fact, as has been pointed by the Honourable Pandit Kunzru and other speakers, by this Bill we will be sanctioning the appointment of even the Colonials with whom we cannot see eye to eye, to serve the interests of our country. People who insult the Indians, in their own colonies, who differentiate between humanity and humanity, they are to guard our interests in India. Now, I cannot see anything in this Bill except the distinction of black and white. Why has Ceylon been excluded? Because Ceylon

is black. Well, if the Europeans or the Government want in this country, in the country of blacks, to use their own language, in the legislature of blacks, to put forward a Bill and give a slap to blacks, I am sure that their statesmanship is bankrupt. I ask, has similar legislation been put in in any Dominion that Indians who are there and who are willing to serve in the war may be appointed to His Majesty's Forces or otherwise? Why not?

1 P.M. Have they come to the conclusion that there is not an Indian in the whole world who wants to crush Nazism or help the Allies in the prosecution of the war? If that is the idea of the British Government, I think it is very pathetic. By passing the Defence Bill in this very House, what the British Government gets for the rest of the world is the co-operation of the Indians in the war. In the Legislative Assembly and in the Council of State, by passing that Act, we have unequivocally declared that we are co-operating with the British Government in the prosecution of the war and this is what we get for that co-operation—exclusion even from the Advisory Committees and the tribunals. Who is going to pay for the tribunal? Who is going to pay for the travelling expenses which are put down here? Is it not the Indian taxpayer who is going to pay for that? I am expressing my honest feelings that until the day before yesterday I did not quite see the implications of this Bill—

THE HONOURABLE THE PRESIDENT : You have said that before. So, you need not repeat it.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN—and the harm that it might do to the cause of the British at the present juncture. But I honestly feel that it is impossible for any Indian to vote with any sense of patriotism or self-respect for this Bill. I am indeed surprised even to see the signature of an eminent Indian appended to the Statement of Objects and Reasons. My own view is that no Indian ought to be a party to a Bill like this, although, as I say, without the speeches and without bringing the Indian interests into the Bill, the Bill by itself appears to be very innocent. But when we know that the services are going to be rendered primarily in this country for the benefit and interest of India, not only by the English people but also by the colonial gentlemen with whom we have had a good many quarrels which still exist, I do feel that this Bill was absolutely uncalled for. Could not the Government, if they wanted to respect the sentiments of the Europeans, get hold of some other method of getting this measure through? Why ask the Indian Legislature, the Indian Members, to assent to this Bill, to agree to their insult which this Bill predominantly does? My Honourable friend Sir A. P. Patro seems to think that this Bill has nothing to do with Indians or India. If that was so, I agree with him in every respect. But I think he should be disillusioned. I believe that it has got a good deal to do with India and Indians' interests. The speech of the Honourable Mover is there. It is the Indian Budget which is going to provide for the expenditure in connection with this Bill. Therefore, I appeal to every Indian in this House, official and non-official, elected or nominated, not to vote for a Bill of this type if they want to guard their prestige and self-respect.

THE HONOURABLE MR. J. H. S. RICHARDSON (Bengal Chamber of Commerce) : Sir, I feel there is a misunderstanding of the facts and therefore first of all I would like to review very briefly the history of events which has finally resulted in the placing of this Bill before the House. When the war broke out the European community in India looked forward to the extension to them of compulsory military service which had been adopted in the

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United Kingdom. With this in view they suggested the setting up of local Advisory Committees and the military authorities readily agreed. The idea of these committees was to serve as a liaison between the military authorities and the community, so that its limited resources of man-power could be most adequately used. The available man-power in the community is obviously very limited, and it would be absurd for those resources to be dissipated. Consequently the community agreed in the first instance to compulsory registration of all European British subjects between the ages of 18 and 50 and to a prohibition being placed upon their leaving India without a permit from the military authorities. This has served to enable the military authorities to classify Europeans in certain age groups and according to availability, and to prevent a large number of young men from leaving the country in order to enlist in England where there was and is still no lack of man-power.

It was expected that towards the end of November or the beginning of December an Ordinance would be issued providing for compulsory national service for European British subjects in India, and it had been agreed that the Advisory Committees which had been working since October would be given statutory recognition in that Ordinance.

Unfortunately owing to legal complications the proposal to introduce compulsory national service had to be abandoned. This did not mean, however, that the necessity for avoiding inequalities in the use of the available man-power was removed, and it was decided to proceed with legislation which would set up the necessary machinery, although it was recognised that the whole system would be upon a voluntary basis. I would add here that, in my view, the fact that it has not been found possible to impose compulsion will not make a great deal of difference, as my community is not only willing but anxious to serve in the best way it possibly can. Many of us have friends and relations who are serving in different parts of the Empire, on land, on the sea, or in the air. It is but natural that we, like our brothers in the Dominions, should feel a special call to serve and if need be to defend our mother country in her great trial. The present Bill, therefore, provides in the main for two things: in the first place it sets up the machinery whereby the authorities can be assured of the co-operation of the business and commercial community in selecting those who are to be offered various forms of national service. These committees have actually been dignified with the name of "National Service Advisory Committees" because the words "National Service" find a place in the Bill and are defined for the purpose of this Statute.

In the second place this Bill provides for reinstatement in employment after the war. This is a most valuable safeguard for the employee, and while we do not for a moment anticipate that any responsible employer will refuse to reinstate his employee after the war, unless reinstatement for various reasons is found to be impracticable, we do think that this protection to the employee is necessary. Clause 8 which deals with this subject is very largely based upon the provisions in the British Armed Forces Act, 1939, modified, of course, to suit local conditions.

I now come to the objections which have been expressed in regard to the use of the word "National" as well as to the definition in the Bill of the term "European British Subject". I would like to assure my Honourable friends that I fully sympathise with and appreciate the reasons which they have brought forward and which underlie the attitude they have adopted. At the same time I confess I am unable to find in the realities of the situation any real justification for the heat that has been generated, neither do I believe that in

the machinery which the Bill proposes to establish there will be the slightest danger of any friction arising from causes such as my Honourable friends seem to anticipate. Take for instance the word "national". This has not been used with the idea of implying any special significance; it is merely a broad definition enabling those who come within its scope to feel that they are serving their country in various ways and regarding it in its true perspective, I cannot see any real objections. Then with regard to the term "European British Subject" as defined in clause 2, section (b). It has been pointed out that this may include persons who are born, naturalised or domiciled in a dominion which may discriminate against British Indian subjects resident there. We are not responsible for this definition and as I have already said, our feelings are entirely with our Honourable friends so far as the underlying grounds of their objections are concerned. On the other hand, I would ask them to appreciate that actually there must be very few European British subjects from the Dominions resident in this country who would be brought within the scope of this Bill; in fact I shall be correct in describing their number as negligible. The Bill merely applies to such persons the same or similar obligations as those to which they would be liable in their own country. Does my Honourable friend honestly believe that the omission of the last part of this section of the clause will really go any way whatever towards remedying the conditions to which he has referred? Has he considered that the unfortunate penalty he will impose on the negligible number of persons in this country who will be affected is neither fair nor just in the prevailing very exceptional conditions?

I earnestly ask our Honourable friends to bear in mind the special position of the European community in this country under the present circumstances wherever they may have been born, naturalised or domiciled and to support this Bill in view of its main objects. The service which is to be performed is voluntary, the committees are advisory, and the obligation to reinstate the employee after the war is placed upon the employer. These are the main principles of the Bill and I honestly do not think any Member of the House can legitimately take exception to them. Above all may I recall the realities of the situation facing us as a result of the war? On two recent occasions the House has had reminders of the tremendous issues which it is in our power to help solve for good or evil. One such occasion was when Sir Jagdish was making his farewell remarks when he pleaded that everyone should endeavour to act in such a way that they did not give cause for others to believe they had overlooked the fact that one of the most momentous wars in history was being waged. The other occasion was only the day before yesterday when the Honourable the Commerce Member reminded us that a victory for England might mean much for India but that failure would mean that India would lose everything. Sir, I think we should all be very thankful that occasionally for a few moments such a solemn and clear atmosphere is created which brings us nearer the profound seriousness of the situation as although it is our duty to keep ever before us the vastness of the issue both for our own sakes as well as for those of our children, it is human nature sometimes to belittle what is going on many miles away from us and to believe that some substantial hidden grievances exist in the meaning of a few words the simple changing of which will alleviate. When realities come to be examined however how very small and insignificant do they appear as compared with the true background of the revolting picture now being made.

With these words, Sir, I appeal to my Honourable friends to add to the dignity and prestige of which this House is already justly proud by rising to the greatness which the tremendous events passing before us demand

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and to join in showing the real feelings on this matter which I believe they cannot deny genuinely exist deep down in their hearts. To pass this Bill is to help the prosecution of the war and that, Sir, is, I submit enough.

THE HONOURABLE MR. A. DE C. WILLIAMS : The speech of my Honourable friend Sir A. P. Patro should have sufficed to bring back the House to realities. This measure not merely, as Honourable Members have said, appears innocent, it is entirely innocuous. We have heard a great deal of argument on the lines that Indians are being excluded from some privileged position. There is no question of privilege. There is no question of *amour propre*.

It would perhaps be an advantage if I were to give the Council a little more of the background of this measure. Over a year ago—fifteen months ago I think—the European Association, before there was any question of war—though there was no doubt danger of it in the international situation—instituted the preparation of a voluntary register of Europeans for war service. When the emergency came this register was partially completed and was placed entirely at the disposal of Government. Further, Government, as I have already explained, found it necessary to institute a compulsory system of registration for Europeans, and also found it necessary to restrict their leaving this country, not with the object—suggested by my Honourable friend Mr. Kunzru—that they might remain here and keep Indians out of good jobs, but simply because they were the people who, though required for employment in India, were the most likely, from purely patriotic motives, to leave this country and go where they were not so urgently required.

Well, when Government compulsorily register a community and prevent its members leaving the country it is reasonable that that community should ask that Government, if they prevent them from doing what they consider to be their duty in their own country, should at least point out to them where their duty lies in this country and give them an opportunity to perform it. That is what this Bill seeks to do. The logical outcome of the steps which Government had taken undoubtedly was compulsory service for Europeans of all classes specified in the Bill. That would have been the strictly logical outcome. That was what the community desired. That was the substance of unanimous resolutions passed in Calcutta last Christmas by two bodies representative of the European community throughout India. They wish to be submitted to compulsion.

There were legal difficulties about that and the scheme of this Bill is the outcome. That is the position. The community has not asked, nor has it by the Bill been given, any peculiarly privileged position. Honourable Members opposite seemed to talk as if offices of profit were being conferred by this Bill. The community has only asked to be allowed to do its duty, that the path of duty should be pointed out. The Bill provides a method by which it can be pointed out.

Now, Sir, it has been asked very pertinently why it was not possible to include, or to extend the provisions of the Bill to, Indians as well as to Europeans. It is a very reasonable suggestion. The immediate reason was that it would be of very small advantage to extend the provisions of the Bill to Indians when they would necessarily be inoperative unless the registers, committees and other machinery already in existence in relation to Europeans were available for Indians. But I do not for a moment exclude the possibility of the extension of this measure—not this particular measure because of its title—but of similar provisions to Indians in the future. Government are

constantly receiving suggestions from various quarters in India for the preparation of statistics or registers of Indians who desire to help in the war. Government are considering these suggestions with great interest and with great appreciation. But, as I have already explained, the register of Europeans and of their technical qualifications was based on a register of the entire European community already in existence. It is quite impossible to prepare a national register of Indians. It might be possible, it should be possible, to prepare a register of Indians with certain qualifications. This course is by no means excluded. Suggestions to that effect are before Government and are under consideration.

As I say, the original proposition before Government was that this Bill should enforce compulsion. It was very pertinently asked by Sir A. P. Patro—“Would a Bill enforcing compulsion on Indians be in any way workable?” When the majority party in India is going rather further, I should say, than my Honourable friend Mr. Muhammad Husain stated, than merely refraining from assisting in the war, would it be a practical proposition? For the matter of that, would the Legislature have voted for it?

Honourable Members opposite are very well aware that Government have always been entirely in sympathy with the views which they have today expressed about the treatment of Indians overseas. It was entirely unnecessary to review that matter now. Government have repeatedly expressed their sympathy on the point. It is not necessary for me to repeat that now. Again, to quote my Honourable friend Sir A. P. Patro, what connection has all that with the measure before the House?

As I had occasion to say in another place—my Honourable friend Mr. Kunzru accused me of possibly a lapse from good taste—I must regard the attempt to exclude the words in question from this Bill as selecting this Bill for the expression of ill-will; and this is not the time, Sir, for such expression.

There was one point mentioned by my Honourable friend Mr. Muhammad Husain which impressed me very much. It was this. Quite apart from the other provisions of the Bill, if you are giving Europeans who come from civil industry the right of reinstatement at the end of the war why should not a similar right be given to Indians? That, Sir, I regard as a most reasonable suggestion. At the moment I think I am right in saying that the question does not arise. I cannot say offhand. I know a good deal about the sources from which Indians have been recruited recently; and at the moment I do not think that any number of Indians who hold jobs in civil industry are being recruited; but if it should become a practical question in the future, I do think that my Honourable friend's suggestion is worthy of very serious consideration. I do not see why this right of restitution to civil employment should be limited to one community and I can assure the House that Government would most seriously consider introducing legislation to meet this point should it become a practical question.

I have endeavoured to deal with most of the questions raised by Honourable Members opposite. The fact is that Government have been compelled to limit these measures to the European community, firstly, as I have explained, because of its anxiety to serve overseas when it can far more usefully be employed here, and, secondly, because of its comparatively limited numbers, its organisation, and the fact that in relation to it we really can make a beginning. My Honourable friend Pandit Kunzru apparently would like us to run before we can walk. I have already said that there is nothing in this Bill to prevent carrying schemes of this kind further, and I can assure him that it did not occur

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to any person of good-will on the side of Government—and I think I should be right in saying on the side of the European community—that this could seriously be regarded as a matter of an insulting or mortifying nature to Indian public feeling.

THE HONOURABLE THE PRESIDENT: Motion made:

“That the Bill to make certain provisions relating to service by European British subjects in the armed forces of, or in a civil capacity under, the Crown, as passed by the Legislative Assembly, be taken into consideration.”

Question put and Motion adopted.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: We will now proceed with the second reading of the Bill. The Question is:

“That clause 2 stand part of the Bill.”

THE HONOURABLE MR. V. V. KALIKAR: Sir, I move:—

“That in part (b) of clause 2, the following be omitted, namely:—

‘or in any Dominion as defined in the Statute of Westminster, 1931, or in any Colony except Ceylon’.”

Sir, my amendment aims at excluding from among those persons who are to be included under this Bill for war service in India, persons residing in the Dominions and Colonies. As I said on the first reading of the Bill we do not like that people from the Dominions or the Colonies, who have been ill treating our nationals there, who do not allow our nationals to enjoy the natural rights of citizenship, should be called in and should be engaged as officers at our expense at this time. We do not want those people because we think we have sufficient men in India of the necessary qualifications who can fill the posts and do the service that is required of them. Under the Government of India Act, the definition of European British subject does not include the people of the Dominions and Colonies. We find here that the people of Ceylon have been excluded. I do not see any reason why, when the people of Ceylon have been excluded, people of the Dominions and other Colonies are to be engaged in these times. I therefore move my amendment for the acceptance of the House.

THE HONOURABLE MR. P. N. SAPRU: Sir, from our point of view, this is easily the most important amendment that has to be moved by this side of the House. Sir, I should like the Honourable Mr. Williams to answer a few questions for us. Sir, we do not believe in the philosophy of hatred, we are not actuated by any malice or hatred towards the Dominions, but we are self-respecting men and we do wish to assert our self-respect. I do not know what Sir A. P. Patro's philosophy is but our philosophy is one of self-respect. “Do unto others as you would that they should do unto you”. We will just behave towards the Dominions as the Dominions will behave towards us. Now, the questions which I should like him to answer are these. Has any National

Service Act been passed by any Dominion which includes India? Have the Dominions given facilities to Indians desiring to serve in the war? Sir, is it not a fact that Indians are excluded from the Colonial Civil Service? The Colonies are not like the Dominions. They are under His Majesty's Government. And yet in the Colonies, Indians cannot serve in the Colonial Service? Sir, we can not forget that the Kenya Highlands are reserved for the European settlers and the European settlers there are claiming and have got a communal electorate and the justification for that communal electorate is racial prejudice, not the protection of any minorities. Also, their attitude in Fiji has been very unsatisfactory. Their attitude towards Indians in all the Colonies and all the Dominions has been very unsatisfactory. Well, Sir, if Indians cannot enter the Colonial Service, if there is administrative discrimination against Indians in the matter of service in the Dominions of South Africa, Canada and Australia and New Zealand—I think even Australia and New Zealand are not entirely free from this prejudice—well, if there is discrimination against Indians in all these places, why should these Colonials be treated as a special class in this country? I can understand the case for the Europeans. I do not agree with that case but I can understand the case for the Europeans but I cannot understand this case for the colonials. How many colonials have you got in this country? 40, 50, 100? Supposing you do not provide facilities for these 40, 50, 100 people, you are not going to lose the war. Your war effort is not going to be affected if you exclude these men. You will merely be respecting the self-respect of Indians. You will just be respecting Indian sentiment and you will not be doing anything which will hamper your war effort. Why can't you respect the self-respect of India? Why can't you respect Indian sentiment in this matter? We may be wrong in our view of the Dominions. But, certainly you are here as a National Government, to promote national aims. You must respect national sentiment. From our point of view this is an amendment which tests your professions of good-will towards this country. We attach a very great deal of importance to this amendment and our attitude towards this Bill will very much depend upon the line Government takes in regard to this amendment.

THE HONOURABLE MR. A. deC. WILLIAMS: Sir, most of what has been said in favour of this amendment was wholly unnecessary inasmuch as I have already stated that Government have every sympathy with the very strong feeling that we know exists as regards certain grievances, which also we know to exist. Government feel that this time of stress is not the occasion and this Bill is not the place to express that grievance. If I were to hold—I think it must have been a slip of the tongue—if I were to hold the last speaker to the principle which he laid down “Do unto others as you would they should do unto you” he should not press the amendment.

THE HONOURABLE THE PRESIDENT: Amendment moved:

“That in part (b) of clause 2, the following be omitted, namely:—

‘or in any Dominion as defined in the Statute of Westminster, 1931, or in any Colony except Ceylon’.”

Question put and Motion negatived.

THE HONOURABLE MR. V. V. KALIKAR: Sir, I move:—

“That in part (d) of clause 2 for the words ‘national service’ the words ‘emergency service’ be substituted.”

[Mr. V. V. Kalikar.]

Sir, I have not heard of any service up till now that is called "national service" but in which the nationals of the country are denied an opportunity of serving. I take it as an insult to Indians that they have not been included in this service though they are competent and willing to do their job. They want people from the Dominions and Colonies to do service in the prosecution of the war and to defend India, and also to be officers here at our cost. But we, the nationals of India, are denied the job. It was stated by my Honourable friend Mr. Williams that Americans and other people—Europeans and Americans—also can be included under this clause—

THE HONOURABLE MR. A. DEC. WILLIAMS: On a personal explanation, Sir. I did not say that Americans can be brought under the clause. I said that service in the interest of India, whether performed by Indians, Europeans or Americans, could be properly described as national service.

THE HONOURABLE MR. V. V. KALIKAR: It does not matter much. My point is you would call any service a national service and at the same time deny opportunity to the nationals. Well, Sir, I use the word "emergency" because as I find from the body of the Bill, the service is to cease after the hostilities. There is really a service for the emergency period. I want, therefore, to substitute "emergency" for "national". I submit that Government should accept this amendment and see that the clause is properly worded.

Sir, I move.

THE HONOURABLE MR. P. N. SAPRU: Sir, I want to say just a few words on this amendment. The Honourable Mr. Williams says that service in the interests of India can be called national service. I would like to know exactly what the words "national service" mean. If service is in the interests of India, then it may be called the service of a friend. National service, according to my idea, means service of India by the nationals of India, not by the friends of India or by aliens who are not always friendly to India. That, I think, is the central objection to the words "national service". I cannot describe service by a South African as national service. The South African does not look upon the Indian settled in South Africa as a national of South Africa. How can I look upon service rendered by him as national service? I may be prepared to say that in the case of some Europeans, service of India will be friendly service. But they are not nationals. They do not claim Indian domicile. They retain their European domicile. Therefore, the service that they render to India cannot be described as national service. I think, therefore, the words "emergency service" more truly describe the object of the Honourable Mr. Williams' Bill. For these reasons, Sir, I support the amendment of the Honourable Mr. Kalikar.

THE HONOURABLE MR. A. DEC. WILLIAMS: Sir, as I explained before and as is stated in the Statement of Objects and Reasons, the object of this Bill is to approximate the position of European British subjects in this country with the position of their fellows elsewhere, more particularly in the United Kingdom. The title of the corresponding legislation in the United Kingdom is "National Service (Armed Forces) Act". I think we must all admit that whatever war work we are doing, whether it is in the fighting services or in the civil service, is not merely on behalf of India. It is not merely on behalf of the United Kingdom; it is on behalf of the Empire, and if this expression "national" is suited to one part of the Empire, then I submit, Sir, it is also

suited to India. As has been already recognised by one Honourable Member—I forget his name—opposite, the word "national" relates to the service, not to those rendering the service. I fear I must oppose the amendment.

THE HONOURABLE THE PRESIDENT: Amendment moved:—

"That in part (d) of clause 2 for the words 'national service' the words 'emergency service' be substituted."

Question put and Motion negatived.

Clause 2 was added to the Bill.

THE HONOURABLE MR. V. V. KALIKAR: I do not want to move my other amendments, Sir.

Clauses 3 to 9 were added to the Bill.

Clauses 10, 11 and 12 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. DEC. WILLIAMS: Sir, I move:—

"That the Bill, as passed by the Legislative Assembly, be passed."

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Mr. President, I am afraid I cannot say that the arguments used by my friend Mr. Williams or by Mr. Richardson have carried conviction to me.

3-5 P. M.

We know that a war is going on. We know what European British subjects are doing, say in England or the Dominions. We sympathise with and appreciate the desire of European British subjects in this country to render war service. There is no wish on this side of the House that they should be prevented from doing so. But at the same time I cannot understand the insistence of the Europeans on this Bill. It has already been said, I think by the Honourable Mr. Richardson, that this Bill will make no difference to what Britishers in this country are already doing. He said his community was not only willing but anxious to serve in the best possible way.

THE HONOURABLE MR. J. H. S. RICHARDSON: What I said was that the alteration of the Bill from a compulsory to a voluntary basis would not make any difference.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: That is exactly what I am saying. My point was that the insistence on this Bill is unreasonable, because it will not affect the opportunities open to Britishers in this country to help in the prosecution of the war. That statement has not been challenged. It has just been reinforced by what the Honourable Mr. Richardson has said in reply to the observation that I made. Well, if that is so I cannot at all understand why this Bill was taken up. Europeans here are willing to help, Government are anxious to utilise their services, the employers are co-operating with Government and are giving facilities to their employees to offer themselves for war work. Where is the need then for this Bill? Is it not due to lack of imagination? It ought to have been apparent that the measure will be regarded as a highly controversial one by Indians. Government should have known what our feelings towards the Dominions are. They should have remembered our insistence on being given adequate opportunities for helping in the defence of our country. And yet they bring forward a Bill which, morally speaking, places us in a position inferior to that of Britishers and even assigns a higher position to the nationals of the Dominions.

[Pandit Hirday Nath Kunzru.]

Sir, it has been said that this Bill is necessary in order that the work that is being done for the prosecution of the war throughout the Empire by Britishers should, so to say, be placed on the same basis. Now what does war service in the present situation mean so far as this country is concerned? It means the defence of this country and the development of its resources for military purposes. Now, is there any difference of opinion between Indians and Government on this subject? Are not Indians only too anxious to come forward and learn the duties connected with the defence of their country? And so long as Indians possessing the requisite qualifications are forthcoming there is no reason whatsoever why they should not be given greater opportunities than Europeans in the present situation. Government have established a reserve called the All-India Reserve of Officers. They asked Indians to join this Reserve. The Reserve is divided into various sections. I should like to know whether Indians have hesitated to join this Reserve or to offer their services in any other sphere. So far as my knowledge goes, more Indians are anxious to do war work, to prepare themselves to defend their country and thus to help England than can be utilised by Government at the present time. Obviously, therefore, some special justification is required in order to commend the Bill before us to us. I remember, Sir, that it was stated in the newspapers that Indians offered themselves in large numbers for training as pilots, but only a very few of them were accepted. This further makes it clear that you have not got to rely in any special degree on the help of Britishers in this country, because Indians are not responding to your appeal.

My Honourable friend Mr. Williams denied that Europeans were being prohibited from leaving this country except with the permission of the military authorities because it was intended to restrict the opportunities open to Indians for employment in connection with war work. But what is the practical effect that their retention in this country would have? My Honourable friend said that Europeans were being restrained from leaving India because they were considered to be fit for employment in connection with the war. What does that mean? Does it not mean that they would be employed in places where otherwise Indians would have been employed. If Indians with technical qualifications were not available, if you could not get, say, civil engineers or mechanical engineers in large numbers, I could understand your making special efforts to prevent qualified Britishers from going out. But so long as you can have men of the required stamp in this country, why are you artificially preventing Britishers from leaving this country? Whatever the intention of Government might have been, the policy that they have followed can only have the effect of preventing Indians from having those opportunities of being employed in responsible positions and learning to defend their country that they would otherwise have had.

Sir, it has been said both by the Honourable Mr. Williams and the Honourable Mr. Richardson that while Government fully realise the strength of feeling in this country in regard to the treatment of Indian nationals in the Dominions it is difficult to see what connection this has with the Bill before us. I was really astonished when this statement was made. It seemed to denote an amazing lack of imagination. Let me say plainly that we have no good-will towards the Dominions even now and if the war were due directly to any Dominion there would be open opposition to the participation of India in it. We are not penalising the citizens of the Dominions in any way in this connection. But cannot Honourable Members opposite realise that we cannot

tolerate their exercising authority over us either as military or as civil officers? That is where the question of the treatment of Indians abroad comes in. Honourable Members opposite have pleaded for good-will towards the Dominions and have said that the number of Dominion nationals who would be employed by Government could not in any case be large. Whether the number be large or small, we cannot for a moment bring ourselves to accept a Bill which allows Dominion nationals with our consent to rule over us or to exercise authority over us. If good-will is required at the present juncture, I am sure it is required on all sides. Has South Africa given any indication of good-will towards us by providing us with opportunities for employment in positions which will place us above even one European? Have the other Dominions in any way in the arrangements that they have made in connection with the war contemplated the employment of Indians in responsible positions? I am sure that the answer to all these questions is an emphatic No. If this is the situation, what is the good of ignoring facts and of making appeals to us which must sound hollow in your own ears? Sir, however grave and critical the present situation may be, we cannot swallow the bitter pill that this Bill administers to us by asking us to agree to the employment of Dominion nationals in capacities which will put them in authority over us. That is not a situation in which, so long as there is life in us, we can acquiesce.

Sir, my Honourable friend Mr. Williams said in his opening speech that the number of Europeans affected by the Bill would be between 8,000 and 9,000. Now, I do not know how many Europeans would be available for what is called national service. But suppose that Government are able to avail themselves of the services of about 1,000 of them, or, say, 500. Is not this a pretty large number? Is 500 a small number so far as we are concerned. Even if the number were smaller, say half that, it would still be considerable. The Bill, therefore, is not as small a measure as my Honourable friend Mr. Williams has made it out to be.

THE HONOURABLE MR. A. DEC. WILLIAMS: On a point of explanation, Sir, I said the number of Europeans from the Dominions and Colonies was very small.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, didn't he say the European British subjects numbered between 8,000 and 9,000 in this country?

THE HONOURABLE MR. A. DEC. WILLIAMS: Not from the Colonies.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I have stated that very explicitly. I am not now considering Dominion nationals. I am considering all Britishers living in this country. Well, I must therefore repeat that this Bill is of a substantial character and cannot but be treated as such by us.

Referring, Sir, to the objection to the word "national" on this side of the House, my Honourable friend Mr. Williams said that he could not understand the objection to the use of that word. The whole of the Empire required work to be done in connection with the war. The work, therefore, was not obviously local, and could only be regarded as national. Now, if all the citizens of the Empire belonged to one race, I could have understood my Honourable friend's statement. But when the Empire is a composite of peoples of different races, is it not too much to ask us to regard a Bill, applying to British subjects only, as national in character. Sir, I regret to say, that I am totally unable to give my support to this Bill. I bear no ill-will to the Europeans in this country. I do not want to close any

[Pandit Hirday Nath Kunzru.]

avenue open to them now for helping in connection with the war. But I do ask that non-Indians should be applied to for help until opportunities have been given to Indians and Indians of the requisite qualification have not been forthcoming in adequate numbers. I ask the European Members of this House and particularly my Honourable friend Mr. Richardson, who was obviously sincere in what he said, to use their imagination a little, to put themselves in our position and to realise what our feelings in connection with this Bill are. The Bill is wholly unnecessary, even from the point of view of European British subjects. Insistence on it can only mean either a thoughtless disregard of Indian opinion or a determination to treat it as of no account.

THE HONOURABLE MR. P. N. SAPRU : Sir, our standpoint has been explained with great clarity by my respected friend Pandit Kunzru. I will not, therefore, make a long speech but I will content myself with explaining certain things which I think require a little explanation on our part. I am not satisfied with the arguments which have been advanced in favour of the Bill by the Honourable Mr. Williams. We all sympathise with the desire of our European friends to render war service. I very much appreciated the sincerity of the Honourable Mr. Richardson's speech and, speaking quite frankly, I would say that we do not wish to hinder them from doing their little bit. But, Sir, the Honourable Pandit Kunzru has explained why and how this Bill is unnecessary. A little imagination on their part would have shown that it was a Bill which was bound to hurt Indian sentiment.

Sir, I will repeat again what I said before, that one of our basic objections to this Bill is the special treatment that it metes out to those who are of Dominion nationality and colonial born. Sir, it is from our point of view wrong that they should be allowed to enter Government service in this country at all, that they should be allowed facilities in this country which are not allowed to us in their country, what you are really doing by this Bill is that you are further extending their privileges. They will be able to hold military commissions and to render service as technical experts. I do not know, Sir, why they should be given these facilities when such facilities are not given to us in the Dominions and the Colonies.

Sir, another point which I would like to urge is that the Bill is unfair to Indian employers because, statutorily, they are excluded from serving on the tribunals and the advisory committees. There are Europeans serving under Indian employers. If they are taken over for war work, they will have to be reinstated by Indian employers, and Indian employers will not get any representation on the tribunals and the advisory committees. That is obviously unfair to Indian employers. I do not know why there is this statutory disqualification against Indian employers in this Bill.

Then, Sir, I should like to refer to what the Honourable Mr. Williams said in regard to the Europeans being retained in this country. I think he said that Europeans were being retained in this country because they were fit for war. Is it his suggestion that Indians are unfit for war service? Is it his suggestion that qualified Indians cannot be found for war service—for service in the army and as technical advisers?

THE HONOURABLE MR. A. DEC. WILLIAMS : Sir, what I said was that these orders were passed as the Europeans were likely to leave the country in large numbers. There was no question of Indians leaving the country.

THE HONOURABLE MR. P. N. SAPRU : The orders of the Government are open, if I may say so with respect, to another interpretation also. Those

orders were passed because, to be frank, Government do not trust the Indian. Those orders were passed, if I may say so quite frankly, because the Indian Government does not want to give to Indians the opportunity for military service and for service in technical services. I know that is impugning the motives of Government. But I am impugning the motives of Government. I make no secret of it. I am not convinced that there was not an ulterior motive behind those orders. It is regrettable that those orders should have been passed. If a different policy had been followed from the very start, India's response would have been very much greater. If India had been trusted, if India had been taken into confidence with regard to this war, her support would have been much greater than it is today. I very much regret, Sir, the lack of imagination that has characterised the efforts of Government in regard to the formulation of war policy, so far as this country is concerned. Indians ought to have been made to play a larger part than they have been allowed to, and I regret that the question was never looked at from a broad point of view. We do not wish our colonial friends—I am prepared to describe them as friends, because we look upon every one as our friend—we are not prepared to put our colonial friends into positions of trust and responsibility in this country. They are not prepared to put us into positions of trust and responsibility in their own country and so we see no reason why we should put them into positions of trust and responsibility in our country. We do not wish them to have commissions in our country. We do not wish them to have jobs in our country. It is a misfortune that there are colonials serving in this country. We do not want a single colonial to serve in this country. We will think of colonials when they begin to treat us better.

Sir, the Honourable Mr. Williams has given us certain assurances in regard to the future. That is always the way of Government. They are always ready and profuse in their expressions of sympathy. They are always prepared to give assurances so far as the future is concerned. But we are more concerned with the present than with the future. We find that the Bill in its present form is entirely unacceptable to us.

Then the Honourable Mr. Williams said that the title and preamble were all right, that "national service" really meant Empire service. I think that was really his meaning. But the Honourable Mr. Kunzru has given an answer to him. The Empire consists of various races and nationalities. Here you have a Bill which expressly by implication excludes the largest part of humanity in this country, namely, Hindus, Mussalmans, Indian Christians, the Sikhs and the Parsees. That is to say, nationals according to this Bill only means Europeans domiciled in India, and Colonial Europeans. Is it possible for any normal Legislature to agree to the use of the word "national" in a Bill of this character? I put that question very seriously to the Honourable Mr. Williams. He has got a very judicial mind. He has a very fair mind. I ask him as a lawyer of experience, as a judge of experience, whether he can honestly say that that the word "national" as used here correctly describes the intention, object, and scope of this Bill? I deeply regret that Government should have thought fit at this juncture, when we all ought to be striving to work together, to bring forward a Bill of this character. With all the desire that we have not to embarrass the Government at this moment we regret that we cannot support this Bill in its present form. We owe it to ourselves to oppose this Bill and I have no option but to offer strenuous opposition to it.

THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN (United Provinces West : Muhammadan) : Sir, I congratulate Mr. Richardson on clearing

[Haji Syed Muhammad Husain.]

a good many points and also the Honourable Mover. I expressed my feelings about the Bill, but the speeches of the Honourable Members above referred have cleared many points. It appears that when the Bill was drafted, there was only one thing in mind, namely, to respect the sentiments of the Europeans while other aspects were grossly disregarded and no one cared how it would affect the minds of the Indians and their susceptibilities. Anyway, the speeches have certainly cleared a good deal of ground. There are just one or two things which I hope the Honourable Mr. Williams in his reply will clear up. So far as the prosecution of the war is concerned, the very fact that this House and the other House passed and extended the operation of the Defence of India Act was quite sufficient not only for the Government of India but also for the Home Government and the world at large to know that India has extended its co-operation in the successful prosecution of the war. The attitude of Indians against Nazism is quite obvious. In spite of the fact that a Party has not decided to co-operate actively in the prosecution of the war, it has condemned the Nazis. There is a great deal of moral support in that also. But in this Bill there is one thing which is very difficult to reconcile, in spite of giving it our best consideration and making every allowance, and that is the engaging for service in this country particularly of those Colonials who do not see eye to eye with India. That is certainly a slur on Indians and it is impossible for Indians to tolerate this undue preference to men of those Colonies. I do not know whether the Government is prepared to give any assurance about that. Of course, the constitution of this House being what it is, we are aware the Bill will get through the House. But if the Government desire to respect the sentiment of Indians they should give an assurance of at least this, that those Colonials will not be given any responsible position in India as officers in the Indian Army or in any other position affecting Indian interests. Of course this Bill has been carelessly drafted and though in the Statement of Objects and Reasons it is said that this Bill is in respect of service in His Majesty's Forces during the present war, in the Bill itself, services in a civil capacity under the Crown are also included. The Bill is not consistent with the Statement of Objects and Reasons. It goes further, and I take it that that is not really the object of the Bill. Anyway, that is the thing to be borne in mind, that members of the Colonies will not be given any post on the civil side or in the military. If that assurance is forthcoming it will allay the feelings of Indians to a very great extent.

With these remarks, Sir, I close my speech.

THE HONOURABLE MR. A. DEC. WILLIAMS: I will first, Sir, endeavour to answer one or two definite points which have been raised in the course of the debate on the third reading.

As far as the Statement of Objects and Reasons goes, it is not part of the statute. It is not a part which will be judicially referred to when decisions have to be taken on the Bill. It is true that there is an omission. The Statement of Objects and Reasons merely refers to service in the fighting forces and does not refer to service in a civil capacity, and in passing I may say that there seems to be some misapprehension about the relation of the Bill to what are commonly described as the civil services. This Bill is not intended to devise or provide a means of recruitment to what is generally known as the civil service. The sort of employment we have in mind is, for instance, the civilian personnel of an Ordnance factory, or possibly my Honourable

friend Mr. Dow may recruit some adviser or some officer with technical knowledge. But there is no intention of inventing some extraordinary method of recruiting for the civil services.

One point which appears to be overlooked is that this Bill does not provide special powers for giving appointments to a class of persons who could not be given those appointments in the absence of the Bill. Honourable Members have spoken as if there is some special indication in this Bill that a class of persons coming from the parts of the world to which they have referred will definitely be given appointments. That is not so.

These few definite questions apart, I feel, Sir, that practically all that can be said about the Bill, and a great deal of what can be said about other things, has been said. There is just one further point and I shall be done. My friend Pandit Kunzru asked whether Government had found that Indians were unwilling to come forward and help in the war. Of course that is not the experience of Government. I tried to make it clear that we are receiving offers in large numbers, that they are appreciated and are being dealt with and that we hope that this measure is only a preliminary step. It has been taken as a preliminary step because a great deal of the groundwork for working the measure was there already.

My Honourable friend Pandit Kunzru stated that he was not convinced by my arguments. I fear that I have abandoned all hope of convincing my friend Pandit Kunzru. Indeed, so far as he is concerned I know of no previous case of conviction. (Laughter.) He stated that he was surprised at the insistence of the European community on this Bill. I will finish by saying that I am surprised and extremely regretful at the insistence of Honourable Members opposite on an affront which is not intended—and, where an affront is not intended, it cannot really be said to exist.

THE HONOURABLE THE PRESIDENT: Motion moved:—

“That the Bill, as passed by the Legislative Assembly, be passed.”

Question put: the Council divided:

AYES—24.

Charanjit Singh, Hon. Raja.
Chinoy, Hon. Sir Rahimtoola.
Das, Hon. Rai Bahadur Satyendra
Kumar.
Dow, Hon. Mr. H.
Ghosal, Hon. Sir Josna.
Govindachari, Hon. Rao Bahadur K.
Haider, Hon. Khan Bahadur Shams-ud-
Din.
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.
Hydari, Hon. Mr. M. S. A.
Jones, Hon. Mr. C. E.
Khurshid Ali Khan, Hon. Nawabzada.

Lal, Hon. Mr. Shavax A.
Lloyd, Hon. Sir Alan.
Maxwell, Hon. Sir Reginald.
Mennon, Hon. Sir Ramunni.
Mukherjee, Hon. Sir Satya Charan.
Parker, Hon. Mr. R. H.
Patro, Hon. Sir A. P.
Richardson, Hon. Mr. J. H. S.
Roy, Hon. Mr. S. N.
Russell, Hon. Sir Guthrie.
Sobha Singh, Hon. Sardar Bahadur.
Tyson, Hon. Mr. J. D.
Williams, Hon. Mr. A. deC.

NOES—6.

Hossain Imam, Hon. Mr.
Kalikar, Hon. Mr. V. V.
Kunzru, Hon. Pandit Hirday Nath.

Mahtha, Hon. Rai Bahadur Sri Narain.
Muhammad Husain, Hon. Haji Syed.
Sapru, Hon. Mr. P. N.

The Motion was adopted.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT : I have to inform the Council that as a result of the election held today, the following six non-official Members have been elected to serve on the Central Advisory Council for Railways :—

1. The Honourable Sir David Devadoss.
2. The Honourable Mr. Abdul Razak Hajee Abdul Sattar.
3. The Honourable Sardar Buta Singh.
4. The Honourable Sardar Bahadur Sobha Singh.
5. The Honourable Haji Syed Muhammad Husain.
6. The Honourable Kumar Nripendra Narayan Sinha.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR REGINALD MAXWELL (Leader of the House) : Sir, I suggest that the House should next meet on Monday, the 8th, when the following five Bills which have already been laid on the table of this House will be taken up for consideration :—

1. The Defence of India (Amendment) Bill.
2. The Agricultural Produce Cess Bill.
3. The Insurance (Amendment) Bill.
4. The Indian Tariff (Amendment) Bill.
5. The Indian Tariff (Second Amendment) Bill.

The Council then adjourned till Eleven of the Clock on Monday, the 8th April, 1940.

COUNCIL OF STATE.

Monday, 8th April, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

RESOLUTIONS, ETC., ADOPTED BY THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

76. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Will Government give the text of the resolutions or recommendations very recently adopted by the Central Advisory Council for Railways on a reference made by Honourable Member for Communications regarding food vending contracts on the State Railways which were the subject-matter of discussions on the resolutions moved in this connection in the current session of the Council of State and the Central Legislative Assembly ?

(b) Will Government state whether they have accepted all the recommendations very recently made by the Central Advisory Council for Railways ? If not, why not ?

(c) In case the recommendations have been accepted, will Government state whether the contracts of food supply vendors who hold contracts of more than two divisions will be cancelled for stations over two divisions ? If not, why not ?

(d) Will Government state the basis on which nominal licence fee will be assessed from food vendors ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) I would refer the Honourable Member to the press communique issued on the 25th March last, a copy of which has been laid on the table.

(b) The answer to the first part is in the affirmative : the second part does not therefore arise.

(c) It is not proposed to disturb existing contracts provided that the service given continues to be satisfactory. The recommendations of the Council referred to future policy.

(d) In accordance with the recommendations of the Central Advisory Council for Railways at their meeting on 16th September, 1939, Railway Administrations will decide the amount of license fees to be recovered, acting in consultation with their Local Advisory Committees, taking into consideration the volume of business and the need for ensuring adequate supplies to passengers at reasonable rates.

SILVER SALES.

77. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the following information regarding the sales of silver :—

(a) the weight in tolas of silver bullion (and of what fineness) sold in each financial year from 1935-36 to 1938-39 ;

- (b) the sale price received each year in sterling or rupees in each financial year ;
- (c) the stock of silver on 1st April, 1935, additional stocks received from the Reserve Bank of India up to 31st March, 1939 and the balance on 31st March, 1939 ; and
- (d) the amount credited to customs in each financial year from the sale of Government silver up to 1938-39 ?

THE HONOURABLE MR. C. E. JONES : (a), (b) and (c). I would refer the Honourable Member to the Surplus Silver Stock Account and the Statement showing the transactions under "Purchases and Sales of Silver" under the grant for Currency in the annual Appropriation Accounts, copies of which are available in the Library.

(d) Nil.

SILVER SALES.

78. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the following details of silver sales in the year 1939-40 :—

- (a) the weight in tolas (and of what fineness) sold by London agent up to 13th December ;
- (b) the average price realised per tola and per ounce ;
- (c) the average market price in London on the sale dates ; and
- (d) the amounts received by way of customs duty over and above the sale prices ?

THE HONOURABLE MR. C. E. JONES : (a) About 66 million fine ounces.
 (b) About 23½d. per standard ounce plus a premium of 3 3/8 per cent. in the case of sales for delivery in Bombay.
 (c) About 23½d. per standard ounce.
 (d) About Rs. 109 lakhs.

SILVER SALES.

79. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the details of sales of silver by the Reserve Bank of India from 14th December, 1939 to 29th February, 1940 (on the lines of the preceding question) ?

THE HONOURABLE MR. C. E. JONES : The Reserve Bank of India sold about 5½ million fine ounces of silver up to the end of February, 1940 of which 5 million ounces were in fine silver and the rest in rupee standard silver. The price varied from time to time with reference to market conditions. The entire price received has been credited to the head "Purchases and Sales of Silver" and no portion is being taken as custom duty.

SILVER IMPORTS.

80. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give details of the profit-sharing scheme of licensed silver imports started since 18th December, 1939 :—

- (a) the amount imported each month up to 29th February, 1940 ;

- (b) the gain and loss up to 29th February, 1940 ; and
- (c) the maximum and minimum price on 15th March, 1940 ?

THE HONOURABLE MR. C. E. JONES : A copy of the notice issued by the Reserve Bank of India on the 18th December, 1939, to dealers in silver and the authorities of the Bullion Exchange and a copy of the revised notice issued by the Bank on the 11th March, 1940 are placed on the table of the House. The Honourable Member will see from the revised notice that since its issue no maximum and minimum price is fixed by the Reserve Bank of India for the sale of imported silver. There were no imports under the scheme prior to February, 1940. During February the imports amounted to 226,000 ounces and the profit to Government was Rs. 39,000.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Government give a reply to part (c) the maximum and minimum price on 15th March ?

THE HONOURABLE MR. C. E. JONES : I have already stated, Sir, that the revised notice was issued on the 11th March, 1940, and that since the issue of that revised notice, no maximum or minimum price has been fixed by the Reserve Bank.

Notice to Dealers in Silver and the Authorities of the Bullion Exchange.

In exercise of power conferred by the Government of India, Finance Department (Central Revenues) Notification No. 62, dated the 28th October, 1939, the Reserve Bank of India is prepared to grant licences for the import of silver by sea or land into British India subject to the following conditions :—

- (i) A licence holder must undertake to sell the imported silver at a price not below such minimum or above such maximum as may be fixed from time to time by the Reserve Bank of India ;
- (ii) A licence holder must undertake to submit a true return of the cost of the silver as landed in India made up of the cost price, freight, insurance other importation charges and interest on capital ;
- (iii) (a) A licence holder must agree to pay to the Reserve Bank of India a proportion of the difference between his selling price and the import parity in the following proportion :—

The first eight annas of the difference and four annas out of the next eight annas out of the first rupee to be retained by the licence holder and four annas to be paid to the Bank.

Out of the second rupee four annas to be retained by the licence holder and twelve annas paid to the Bank.

Out of the third rupee two annas to be retained by the licence holder and fourteen annas to be paid to the Bank.

Out of the fourth and subsequent rupees one anna to be retained by the licence holder and fifteen annas to be paid to the Bank.

- (b) Imports will be made entirely at the risk of the licence holder ;
- (c) The decision of the Manager, Reserve Bank of India, in regard to the estimated import parity will be final for the purposes of determining the share to be paid to the Bank ;
- (iv) Exchange in payment of the price of the imported silver must be done at the official control rates.
- (v) The amount to be paid to the Bank shall be deposited with the Manager of the Reserve Bank before a licence is actually issued.

2. An applicant for a licence should first find out from the Manager, Reserve Bank of India, Bombay, the minimum rate at which he may sell and state the quantity for which he requires a licence. He will then be asked to sign the required undertaking and

will be informed of the quantity for which a licence will be issued to him. A licence will not be issued for less than 100 bars. He will then proceed to fix up a selling contract on the basis of this information and should produce evidence to the satisfaction of the Manager that a genuine contract for the sale of that particular quantity of silver has been entered into. On his doing so and on his making the necessary deposit a licence to cover the quantity sold will be issued to him.

3. The conditions on which a licence will be granted are liable to be changed at any time at the discretion of the Reserve Bank of India.

RESERVE BANK OF INDIA,
BOMBAY;
Dated 18th December, 1939.

MANILAL B. NANAVATI,
Deputy Governor.

Notice to Dealers in silver and the Authorities of the Bullion Exchange.

In exercise of power conferred by the Government of India, Finance Department Notification No. 7774-F. of the 18th December, 1939 and in modification of this office Notice to Dealers in silver and the Authorities of the Bullion Exchange dated the 18th December, 1939, the Reserve Bank of India is now prepared to grant licences for the import of silver by sea or land into British India subject to the following conditions:—

(1) (a) A licence holder must pay to the Reserve Bank of India a proportion of the difference between Rs. 62 per 100 tolas and the ready market price prevailing in the country of export on the day of the application at the current rate of exchange plus the import customs duty, in the following proportion:—

The first eight annas of the difference and four annas out of the next eight annas out of the first rupee to be retained by the licence holder and four annas to be paid to the bank.

Out of the second rupee four annas to be retained by the licence holder and twelve annas to the Bank.

Out of the third rupee two annas to be retained by the licence holder and fourteen annas to be paid to the Bank.

Out of the fourth and subsequent rupees one anna to be retained by the licence holder and fifteen annas to be paid to the Bank.

(b) Imports will be made entirely at the risk of the licence holder.

(c) The decision of the Manager, Reserve Bank of India, in regard to the price in the country of export will be final, for the purposes of determining the share to be paid to the Bank.

(ii) Exchange in payment of the price of the imported silver must be done at the official control rates.

(iii) The amount to be paid to the Bank shall be deposited with the Manager of the Reserve Bank before a licence is actually reissued.

2. An applicant for a licence should first find out from the Manager, Reserve Bank of India, Bombay, the maximum rate at which he may buy and state the quantity for which he requires a licence. He will then be asked to sign the required undertaking and will be informed of the quantity for which a licence will be issued to him. On his doing so and on his making the necessary payment a licence will be issued to him. A licence will not be issued for less than 100 bars.

3. The conditions on which a licence will be granted are liable to be changed at any time at the discretion of the Reserve Bank of India.

RESERVE BANK OF INDIA,
BOMBAY;
The 11th March, 1940.

VALUE OF TREASURY BILLS ISSUED TO THE RESERVE BANK.

81. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state the amount of *ad hoc* securities transferred to the Reserve Bank of India since its inception up to 31st December, 1939 in exchange for silver rupees?

THE HONOURABLE MR. C. E. JONES: Treasury Bills of the nominal value of Rs. 15.06 lakhs have been issued to the Reserve Bank in payment of surplus rupees delivered by the Bank under section 36 (I) of the Reserve Bank of India Act.

AVERAGE YIELD ON TREASURY BILLS.

82. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state the average rate of yield on *ad hoc* securities in the financial years 1935-36, 1936-37, 1937-38 and 1938-39?

THE HONOURABLE MR. C. E. JONES: The average yield for the year on Treasury Bills was 1.21 per cent. in 1935-36, .78 per cent. in 1936-37, .97 per cent. in 1937-38 and 1.63 per cent. in 1938-39.

No. 1 Squadron, Indian Air Force.

83. THE HONOURABLE SIR A. P. PATRO: (a) When was the Army Co-operative Squadron organised and what are the aims and objects of this squadron?

(b) How many young men were recruited into it from the date of opening up to the end of 1939?

(c) When was the last batch recruited as airmen (*hawai* soldier) for being trained as wireless operators?

(d) What was the age limit prescribed and what qualifications were required?

(e) Are the recruits required to have passed the Matriculation examination or any equivalent examination such as S. S. L. C. (Madras) with science, i.e., physics and chemistry as the group subjects?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): I presume the Honourable Member is referring to No. 1 Squadron of the Indian Air Force. If so, the replies are as follows:—

(a) The Squadron will be completely formed and manned by October, 1940. Its role is to assist all branches of the army.

(b) 251.

(c) Eight on 2nd December, 1938. Four more at different times since.

(d) Age limit—18 to 22 years. Educational qualifications. Matriculation.

(e) No.

TRAINING OF WIRELESS OPERATORS AND SIGNALLERS AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.

84. THE HONOURABLE SIR A. P. PATRO: What is the period of training in the School of Air Force, Technical Training, Ambala, for the "Trades" for the apprentices undergoing the courses for signaller and wireless operator?

(b) Is there a final examination both in theory and practice for these apprentices in wireless operation conducted by a Board of Experts, known as "Trade Board"?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) Two years.

(b) Yes.

TRAINING OF WIRELESS OPERATORS AND SIGNALLERS AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.

85. THE HONOURABLE SIR A. P. PATRO: Are the airmen apprentices for signalling and wireless operation trained to operate on fighting aeroplanes such as the "Heart", "Audex" and "Wapiti" as part of their training at Ambala?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): The apprentices at the Air Force Technical Training School, Ambala, are primarily trained to operate Royal Air Force wireless sets on the ground; but they are given some air experience also.

TRAINING OF WIRELESS OPERATORS AND SIGNALLERS AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.

86. THE HONOURABLE SIR A. P. PATRO: (a) How many airmen were already trained from the Air Force Technical School, Ambala, and how are they employed and under what designation and salary?

(b) How many young men and airmen, have completed their training and are ready to sit for the impending examination of the Board?

(c) Does the success in the qualifying examination as wireless operator and signalling entitle the candidate to work as an operator in an aeroplane of the Indian Air Force? Are they now so employed?

(d) What will be the rank and pay of the qualified wireless operator?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) None, because the School at Ambala started only five months ago.

(b) 14.

(c) A man who has passed the examination would be eligible for the post of wireless operator for duty in an air crew if a vacancy existed. If there was no vacancy he would be employed on ground duties.

(d) The ranks and pay of qualified operators are as follows:—

Aircraftman II	.. .. .	Rs. 40
Aircraftman I	.. .. .	Rs. 55
Leading Aircraftmen	.. .. .	Rs. 70

Subsequent promotion depends on vacancies.

BRANCHES OF TRAINING AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.

87. THE HONOURABLE SIR A. P. PATRO: (a) How many branches (trades) of technical instructions are taught in the Air Force Technical School?

(b) Are there any non-commissioned officers in the wireless operators "trade" in Ambala?

(c) How were these recruited and how old are they and do they possess any approved qualification? If so, what is it?

(d) Were any of these promoted to be sergeant, flight sergeant, and warrant officer?

(e) If so, how many of these and under what terms?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) Five, namely, fitting, rigging, armament, electrical and wireless.

(b) There are as yet no Indian non-commissioned officers of this trade in the Indian Air Force.

(c), (d) and (e). Do not arise.

PROMOTION OF WIRELESS OPERATORS AS WARRANT OFFICERS.

88. THE HONOURABLE SIR A. P. PATRO: Are there any rules prohibiting the appointment of wireless operators as warrant officers after they are qualified and certified by the Board?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): No.

EMPLOYMENT OF WIRELESS OPERATORS IN THE INDIAN AIR FORCE.

89. THE HONOURABLE SIR A. P. PATRO: Are any of the wireless operators trained and who have passed the examination of the Board now employed as wireless operators in the planes of the Indian Air Force? If not, what are the reasons for keeping them out after two years' training in the Technical School?

(b) Do Government propose to consider the advisability for discharging unconditionally the unemployed from air service whatever may be the period of original contract to serve in the Air Force?

(c) Do Government propose to frame rules for discharging unconditionally the wireless operators if they are too many for peace time work and are unable to employ all of them?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) Yes, one to each aircraft plus a small reserve under training. The remainder are employed on ground duties.

(b) and (c). None are unemployed. The remaining parts of the question, therefore, do not arise.

PROMOTION OF AIRMEN AND WIRELESS OPERATORS TO WARRANT OFFICERS.

90. THE HONOURABLE SIR A. P. PATRO: How long does it take for qualified airmen and wireless operators to rise to the rank of warrant officers in the ordinary course in peace time and in war time?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): The squadron has not yet been in existence long enough to say.

BARRACKS AND MESSES FOR AIRMEN.

91. THE HONOURABLE SIR A. P. PATRO: (a) Is there an airmen's mess and barracks for the Technical School intended for 50 apprentices?

(b) Are 280 persons who are unconnected with regular air force being catered by this one mess?

(c) How long since the outside deputations from flights are drafted into the Technical School mess and barracks?

(d) Do Government propose to take steps to separate the two classes of mess and barracks? If so, when will it be done?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) No, for about 350.

(b) Yes, but the personnel concerned belong to the Volunteer Flights now embodied for service during the war.

(c) Recruits for the Volunteer Flights have used the mess and barracks since November, 1939.

(d) No.

NUMBER OF APPRENTICES UNDERGOING TRAINING AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.

92. THE HONOURABLE SIR A. P. PATRO: (a) How many Indian other rank and British other rank apprentices are being trained in the Air Force Technical School at Ambala?

(b) Are they given uniforms, mess and barracks according to the standard of the Royal Air Force?

(c) Are the airmen apprentices and wireless operators given the same uniforms and allowances? If not, for what reasons are they denied these rights and privileges?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) Those under training for the regular forces are apprentices and those for the Volunteer Flights were taken direct into the service. There are 50 Indian other rank apprentices, and 183 Indian and 93 British other ranks recruited direct.

(b) British and Indian other ranks are equipped, provisioned, and accommodated according to the scale authorised for them.

(c) Yes. The latter part of the question, therefore, does not arise.

ASSISTANT STATION MASTERS, N.W.R.

93. THE HONOURABLE MR. P. N. SAPRU: (a) Has the scale of pay Rs. 260—10—300 of the posts of Assistant Station Master, Grade V, been devalued on the 4th October, 1938 to the scale of pay Rs. 200—10—250 of the posts of Assistant Station Master, Grade IV, by the General Manager, N. W. R.?

(b) If the reply to part (a) be in the affirmative, will Government state—

(i) the date on which the scale of pay Rs. 260—10—300 for the posts of Assistant Station Master, Grade V, was sanctioned and introduced, respectively;

(ii) the number of posts in that scale, class and grade sanctioned at the time of its introduction;

(iii) the number of persons belonging to each community, European, Anglo-Indian, Hindu, Muslim, Sikh, Parsi, Indian Christian, etc., appointed at the time of introduction to those posts;

(iv) the number of persons belonging to each community, European, Anglo-Indian, Hindu, Muslim, Sikh, Parsi, Indian Christian etc., holding those posts, on the 1st day of January, of April of August, of September and on the 3rd day of October, 1938;

(v) the reasons for that devaluation; and

(vi) the rule, regulation, authority and the particular item of the delegation of the control of non-gazetted services, under which devaluation is permissible?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a) 57 posts of Assistant Station Masters, Grade V, Rs. 260—10—300, were abolished on 4th October, 1938.

(b) (i) to (v). I have called for such information as can readily be secured and will lay a reply on the table of the House in due course.

(vi) I would refer the Honourable Member to sections B and C of the Powers of the General Managers of State-managed Railways which are contained in Appendix X to the State Railway General Code, a copy of which is in the Library of the House.

ASSISTANT STATION MASTERS, N.W.R.

94. THE HONOURABLE MR. P. N. SAPRU: (a) Was the staff on the N. W. R. that has qualified in T-5, T-6, T-7 courses and in Control placed in an approved list drawn in 1937 and subsequently supplemented in 1938 and 1939 for appointment to the posts of Assistant Station Master, Grade V (260—10—300) and of Assistant Controllers (260—10—300)?

(b) Have the posts of Assistant Station Masters, Grade V (260—10—300) been devalued to that of Assistant Station Master, Grade IV (200—10—250) on the 4th October 1938 and do the posts of Assistant Controllers remain intact?

(c) Before the 4th October, 1938 were Assistant Station Masters, Grade V (260—10—300), Station Masters, Grade V (260—10—300) and Assistant Controllers (260—10—300) considered equal in pay, seniority, responsibility, working, status and for promotion to higher grades?

(d) If the replies to parts (a) to (c) be in the affirmative, will Government state—

(i) the number of staff (category from which drawn, and qualifications) on the approved lists of 1937, 1938 and 1939, respectively, and the number in each list remained waiting for promotion on the 1st day of March, 1940 together with the reasons therefor and specially for any supersession by the staff subsequently placed on subsequent lists of persons who were rejected for higher training (T-7 Course) or having undergone the training failed to pass over those who have acquired higher efficiency;

- (ii) how seniority is determined from the lists of 1937, 1938 and 1939 respectively and whether higher efficiency by passing T-7 Course is given due consideration when promotions are made out of those lists and how promotions are made from those lists ;
 - (iii) the reasons for subsequently preparing approved lists in 1938 and 1939 by adding new names from different categories when the staff already on the approved list of 1937 were waiting for promotion in large numbers with higher qualifications and efficiency than of those added subsequently in 1938 and 1939 ;
 - (iv) when and where the staff added in 1938 and 1939 to the list of 1937 were tried thoroughly as Assistant Station Masters and Assistant Controllers in short term vacancies before final recommendations for bringing them on those lists were made ; and
 - (v) the number, qualifications and categories of the staff maintained on the approved lists (prepared after 4th October, 1938) for (a) Assistant Station Masters and (b) Assistant Controllers, and the reasons for not placing the names of those (who have attained higher efficiency by qualifying in T-7 Course) on the lists for Assistant Controllers ?
- (e) Will Government lay on the table of the House the approved lists of 1937, 1938, 1939 and prepared after the 4th October, 1938 for Assistant Station Masters and Assistant Controllers, respectively ?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a), (c) and (d). I have called for information and will lay a reply on the table of the House in due course.

(b) I would refer the Honourable Member to the reply I have given to part (a) of his preceding question. The posts of Assistant Controllers on Rs. 260—10—300 have not been abolished.

(e) No.

JAGADHRI TOWN OUT-AGENCY.

95. THE HONOURABLE MR. P. N. SAPRU : (a) Did the Secretary of State for India in Council acting by and through the Manager, N. W. R., enter into an agreement on the 20th August, 1911 in respect of the Jagadhri Town Out-agency with the Managing Director of Jagadhri Light Railway ?

(b) Did the Secretary of State for India in Council in terms of XV of that agreement acting by and through the Manager, N. W. R., agree to grant a first class free pass to the Managing Director, Jagadhri Light Railway, with two servants in 3rd class to travel between Saharanpur and Lahore in connection with the business of the Out-agency and was that term subsequently altered on the 22nd July and 4th August, 1933 by fifth corrigendum substituting Delhi for Saharanpur ?

(c) Did the Manager of the N. W. R., in the execution of the term agreed upon and acting on behalf of the Secretary of State for India in Council issue the Seasonal First Class Free Card Pass renewable year by year ?

(d) Is it a fact that the Agent, N. W. R., in a letter No. 14-P/2, dated the 7th April, 1937, has not renewed the Free Pass agreed upon in that term of the agreement for further years and directed to issue a card or cheque pass as CONSIDERED NECESSARY ?

(e) Did the Secretary of State for India in Council in terms of XIII—12 agree that the Managing Director will allow any officer of the N. W. R. a

free conveyance between the Out-agency and Jagadhri Railway Station WHENEVER REQUIRED ?

(f) Do Government propose to issue the Free First Class Pass for the future on the same terms and conditions as were agreed upon and have been in operation for the past 27 years ? If not, why not ? And how has the renewal been refused contrary to the modification of the terms of that agreement ?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a) Yes.

(b) Yes.

(c) A first class card pass, valid for one year, was issued each year to the Managing Director, up to 1937.

(d) It is a fact that in the letter quoted the Agent issued instructions that the card pass should be withdrawn, but it is not a fact that the terms of the agreement stipulated that a card pass should be issued. The relevant clause in the agreement only provided that the Managing Director should receive a first class free pass, covering also two servants in the third class, between Delhi and Lahore, in connection with the business of the Out-agency. At the time the card pass was withdrawn, instructions were also issued that a cheque pass should be issued as considered necessary, which was in accordance with the revised policy adopted in such matters.

(e) The agreement provides for the free conveyance of any officer of the N. W. R. between Jagadhri railway station and the Out-agency whenever required by the Manager for the purpose of inspecting the Out-agency or for any purpose connected with the work of supervising the Out-agency business.

(f) In accordance with the terms of the agreement, a first class pass, covering also two servants, is granted to the Director for journeys as may be necessary in the business of the Out-agency, and it is not considered necessary to issue a card pass for this purpose.

REMARKS OF THE RESIDENT MAGISTRATE IN CRIMINAL CASE No. 864-A/3. OF 1939.

96. THE HONOURABLE MR. P. N. SAPRU : (a) Did the Resident Magistrate, 1st Class, exercising summary powers in Delhi Province announce on 28th November, 1939 in Criminal Case No. 864-A/3 of 1939 that before he closes that judgment he *deems his duty to point out that this case does not appear to have been properly investigated before a complaint was filed in Court and it was obviously the duty of the prosecution to thoroughly satisfy themselves regarding the IDENTITY of the offender before prosecuting a gentleman of position and respectability ?*

(b) Did the prosecution style and designate himself as "TICKET COURT INSPECTOR" in applications submitted to that Court on the 18th May, 1939, the 2nd June, 1939, the 13th October, 1939, the 14th November, 1939, and the 15th November, 1939 ?

(c) Did the Ticket Court Inspector in a petition dated the 2nd June, 1939 request that Court to correct the name of the accused person ?

(d) Did the Ticket Court Inspector in a petition dated the 15th November, 1939 give the name and address of the person travelling without ticket CARE OF the accused person ?

(e) Did the Resident Magistrate on a petition dated the 14th November, 1939 by the Ticket Court Inspector announce that in the first place the

request of the prosecution was very much belated and that it had been conceded by the parties that the signatures on Ex. P. A. and P. C. were not that of the accused ?

(f) Was the procedure prescribed in pages 43 to 48 of the N. W. R. Commercial Manual, 1935 observed and followed in the above case ?

(g) Did the National Federation of Railwaymen, Shahdara, Delhi, in its letters dated the 21st October, 1939, the 3rd November, 1939, the 27th November, 1939 and the 6th December, 1939 bring to the notice of Government the case as one due to non-observance of the rules and procedure by the railway administration ?

(h) Will Government state—

(i) who investigated the case ;

(ii) who sanctioned the prosecution ;

(iii) the action taken against the Railway servants responsible for non-observance of the rules and procedure ; and if no action has been taken, why not ; and

(iv) the nature of the punishment awarded to the railway servant who has designated himself as Ticket Court Inspector when no officer of that designation exists on the Railways ; if no punishment has been awarded, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a) Yes, but the last two lines should read " before proceeding against the gentleman of the position and responsibility of Mr. Maqbool Mahmood ".

(b) The complainant in this case was the Crown and the Crown was represented by the Divisional Inspector of Special Ticket Examiners who used the designation " Ticket Court Inspector ".

(c) Yes.

(d) When the possibility of impersonation came to light the Court was petitioned on the date referred to by the Honourable Member to summon one Akhtar Hussain, A. D. C. to the Nawab of Sachin State, Bombay Presidency, whose address was C/o Meer Maqbool Mahmud, M.L.A., Punjab, Lahore.

(e) Yes.

(f) The procedure laid down in paragraph 148 on page 45 of the N. W. R. Commercial Manual in so far as it relates to cases under section 112 of the Indian Railways Act was followed by the Divisional Inspector of Special Ticket Examiners.

(g) Letters have been received from one, H. C. D. Mathur, who styles himself the Secretary of the National Federation of Railwaymen, Shahdara, Delhi, in which allegations of the nature referred to by the Honourable Member were made.

(h) (i) The Divisional Inspector, Special Ticket Examiners, under instructions of the Divisional Commercial Officer.

(ii) The Divisional Commercial Officer.

(iii) None. There was no question of non-observance of rules or procedure.

(iv) None. The railway servant in question committed none of the offences for which penalties are imposed on non-gazetted railway servants.

(At this stage the Honourable the President vacated the Chair which was taken by the Honourable Sir Ramunni Menon.)

ISSUE OF LICENCES TO ACT AS INSURANCE AGENTS FOR THE YEAR ENDING 31ST MARCH, 1941.

97. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) What is the number of applications received by Government for licences from persons desiring to act as insurance agents in the year, 1940-41 ?

(b) How many of these have been disposed of already and how long will it take to dispose of the remaining applications ? Have many of the applicants not received even acknowledgments from the licensing authorities ?

What steps do Government propose to take to secure the expeditious disposal of the applications now and in future ?

(c) Is it an offence under section 43 of the Insurance Act, 1938, for a person not holding a licence issued under section 42, to act as an insurance agent ? If so, how do Government propose to safeguard the position of those who are working as licensed insurance agents, but whose licences may not be renewed by the 31st March, 1940 ?

THE HONOURABLE SIR ALAN LLOYD : (a) and first portion of part (b). Full information regarding the number of applications is being collected and will be laid on the table of the House in due course. It is difficult to make an estimate of the time likely to be taken in disposing of outstanding applications but every effort is being made to complete the work as soon as possible.

Second portion of part (b). Yes. Due to the large number of applications received by the licensing authorities in the course of a short period of about three months it is not practicable, with the small staff at their disposal, to acknowledge each individual application.

Third portion of part (b). So far as Government is concerned, it is proposed to amend the Insurance Act, 1938, so as to spread the work evenly throughout the year thus avoiding accumulation near about 31st March each year.

(c) The reply to the first portion of this part is in the affirmative. As regards the second portion, instructions have already been issued to each licensing authority to ante-date to 1st April, 1940, all licences in respect of applications received by the 31st March, 1940 and found to be in order.

PAYMENT OF FEES BY APPLICANTS FOR LICENCES TO ACT AS INSURANCE AGENTS.

98. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Is a person desiring to act as an insurance agent required under Rule 16 of the Insurance Rules to " pay into the Reserve Bank of India or where there is no office of that Bank into the Imperial Bank of India acting as the Agent of that Bank or into any Government Treasury a fee of one rupee.....? "

(b) Are Government aware that the Imperial Bank refuses to receive the fee in Indian States ? Do Government propose to ask the Imperial Bank to receive it in future or to take any other steps to remove the difficulty experienced at present by insurance agents in Indian States ?

(c) What arrangements have Government made or do they propose to make for making the payment of the fee in those States where there are no branches of the Imperial Bank ?

THE HONOURABLE SIR ALAN LLOYD: (a) Yes.

(b) and (c). The Imperial Bank can accept the fee only where it conducts Government treasury business as agent of the Reserve Bank of India. At places where there are no Government treasuries or no branches of the Imperial Bank doing Government business, applicants are being advised either to arrange to remit the fees by money order, etc., to the nearest Government Treasury or to arrange, through the chief agents or insurers for whom they act, to get the fees deposited on their behalf.

APPOINTMENT OF AGENTS IN FIJI AND BRITISH GUIANA.

99. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Did Government accept a Resolution moved in the Council of State, in September, 1937, which asked that the higher authorities be moved to agree to the appointment of Agents of the Government of India in Fiji and British Guiana?

(b) What action have Government taken on the Resolution? Have His Majesty's Government agreed to the appointment of Agents in these colonies?

THE HONOURABLE MR. J. D. TYSON: (a) Yes.

(b) Government have forwarded to His Majesty's Government a copy of the debate on the Resolution. The appointment of an Agent in Fiji has also been under separate correspondence with His Majesty's Government. No final decision has yet been communicated by His Majesty's Government. The case for a similar appointment in British Guiana was placed before the West India Royal Commission in the evidence given on behalf of the Government of India.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: What is the recommendation of the West Indies Royal Commission on the subject of appointing an Agent of the Government of India in British Guiana?

THE HONOURABLE MR. J. D. TYSON: The recommendations published make no reference to this request.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Have Government addressed any inquiry to His Majesty's Government on the subject?

THE HONOURABLE MR. J. D. TYSON: Not yet.

THE HONOURABLE MR. HOSSAIN IMAM: When did the Government of India last communicate with His Majesty's Government?

THE HONOURABLE MR. J. D. TYSON: Regarding which? Fiji or British Guiana?

THE HONOURABLE MR. HOSSAIN IMAM: Regarding both.

THE HONOURABLE MR. J. D. TYSON: Regarding British Guiana, I am not aware of any communication since the recommendations of the West India Royal Commission were made known. I cannot give the date of the last correspondence with His Majesty's Government about Fiji, but reminders have been sent.

RESOLUTIONS PASSED AT THE ALL-FIJI CONFERENCE.

100. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Are Government aware of the resolutions passed at the All-Fiji Indian Conference held at Suva in October, 1938? If so, what steps have they taken to secure the redress of the grievances of the Indian community in respect of the leasing of agricultural land, education, appointment to the public services and the question of passports and domicile?

THE HONOURABLE MR. J. D. TYSON: The reply to the first part is in the affirmative. As regards the second part I lay on the table of the House a statement indicating the developments in respect of the matters mentioned by the Honourable Member.

(i) *Leasing of agricultural land.*—The Government of Fiji recently published in the Gazette a Native Land Trust Bill, which seeks to provide for the administration of all native land by a Board, certain land being allocated for the exclusive use of Fijians, and the remainder being made available to non-Fijians, (including Indians) on lease. The Government of India have made suitable representations on the Bill to His Majesty's Government with a view to safeguarding legitimate Indian interests.

(ii) *Education.*—In pursuance of the proposals made by Mr. Mayhew in his report, the Government of Fiji have drawn up a programme of educational development covering a period of three years. Government are watching the progress that is being made in giving effect to this programme.

(iii) *Appointment to public services.*—Government have been assured by His Majesty's Government that there is no rule preventing the appointment of an Indian as such to any posts in Fiji except those that are concerned solely with Fijian administration.

(iv) *Immigration into Fiji.*—The Report of the Committee on Indian Immigration, which dealt, *inter alia*, with the question of permits and passports, has been published, and Government understand that the Colonial Government are willing to afford an opportunity for a debate on the Report in the Legislative Council if the Indian members so desire. The Government of India have, however, requested His Majesty's Government to defer, till the end of the war, consideration of the main recommendation of the Committee to fix a quota for Indian immigrants into Fiji.

APPOINTMENT OF A CONSULTING ENGINEER IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

101. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Have Government appointed or do they propose to appoint a Consulting Engineer in the P. W. D., Central? If so, why?

(b) What is the name of the officer selected for appointment as Consulting Engineer and what was the post which he held before his appointment as such?

THE HONOURABLE MR. M. S. A. HYDARI: (a) and (b). Government have decided to appoint a Consulting Engineer in the Central Public Works Department for a period of one year. Mr. F. T. Jones, Chief Engineer, Central Public Works Department, who will retire on the 30th July, 1940 will be appointed to the post on contract from that date. The Central Public Works Department has taken over responsibility for all central works in most of the provinces from the 1st April, 1940. This is an important administrative change and it was considered desirable to retain Mr. Jones' services for a year so that the new organization might be set in working order.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Have Government ever appointed a Consulting Engineer here before in addition to the Chief Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: Yes. There have been Consulting Engineers before.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I mean at the Headquarters advising the Chief Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: No, not advising the Chief Engineer.

THE HONOURABLE MR. HOSSAIN IMAM: What will be his position *vis-a-vis* the Chief Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: He will not be put in any supervisory position over the Chief Engineer. He will be Consulting Engineer to Government.

THE HONOURABLE MR. HOSSAIN IMAM: Will he have any direct control over the administration?

THE HONOURABLE MR. M. S. A. HYDARI: No, Sir.

THE HONOURABLE MR. P. N. SAPRU: How will the spheres of the Consulting Engineer and the Chief Engineer be defined?

THE HONOURABLE MR. M. S. A. HYDARI: In the usual way.

THE HONOURABLE MR. P. N. SAPRU: What will be the position of the Chief Engineer *vis-a-vis* the Government and what will be the position of the Consulting Engineer *vis-a-vis* the Government?

THE HONOURABLE MR. M. S. A. HYDARI: I have already explained that in this case the Consulting Engineer has been appointed for a specific purpose, namely, to put through this new organization for a period of one year, and the proper delimitation of functions between the Chief Engineer and the Consulting Engineer is now being made. I would remind the Honourable Member that hitherto the Central Government have not been in charge of central works in the provinces.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Was the work so heavy that the Chief Engineer himself could not cope with it?

THE HONOURABLE MR. M. S. A. HYDARI: It was not really only a question of heaviness of work. It is an entirely new departure.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is there any change in the character of the duties requiring the assistance of another expert?

THE HONOURABLE MR. M. S. A. HYDARI: I have just said, Sir, that hitherto the central works in the provinces were performed through the agency of the Provincial Public Works Departments. From the 1st April, 1940 we have assumed responsibility for these works ourselves as a measure

of efficiency and as a measure of economy. Mr. Jones was intimately connected with the working out of this new scheme. As it involves work all over India we thought it would be advisable if during the first year the man who had worked out the scheme should carry it into effect. After the year is over the work will form part of the ordinary responsibility of the Chief Engineer.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: During this period will the Consulting Engineer be under the administrative control of the Chief Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: No.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: He will be independent of the Chief Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: He will not be independent in the sense that he will have a different staff. The staff employed by the Consulting Engineer will be the staff borne on the cadre of the Central Public Works Department. As such the administrative control over that staff will be of the Chief Engineer.

THE HONOURABLE MR. P. N. SAPRU: Was the Chief Engineer consulted in regard to the appointment of a Consulting Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: Yes, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Why have not Government placed him under the control of the Chief Engineer? What would have been the administrative difficulty had they done that? If there was any administrative difficulty why did they not appoint an experienced Executive Engineer?

THE HONOURABLE MR. M. S. A. HYDARI: That is an argument.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I say why did not Government put that officer under the Chief Engineer? What would have been the administrative difficulty had they done so?

(There was no answer.)

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 5th and 6th April, 1940, namely:—

1. A Bill to regulate the import, manufacture, distribution and sale of drugs.

2. A Bill further to amend the Indian Mines Act, 1923.
3. A Bill further to amend the Petroleum Act, 1934.
4. A Bill further to amend the Motor Vehicles Act, 1939.

DEFENCE OF INDIA (AMENDMENT) BILL.

THE HONOURABLE MR. A. DEC. WILLIAMS (Nominated Official): Sir, I move:

"That the Bill to amend the Defence of India Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

This is a very short Bill, Sir, and I need add very little to what is stated in the Notes on Clauses. I would however enlarge somewhat upon sub-clause (a) of clause 2. The provision in the Act which this sub-clause seems to amend provides a power to make rules to prevent the prosecution of any purpose likely to prejudice His Majesty's relations with foreign Powers or to promote feelings of enmity and hatred between different classes of His Majesty's subjects. It has been considered advisable that as there is a provision in relation to foreign Powers there should be a similar provision in relation to States in India and further that machinery should be provided to deal with activities prejudicial to the maintenance of peaceful conditions in the tribal areas.

Sir, I move.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Sir, the Honourable Mr. Williams has described this as a very short Bill. No doubt it is very short, but why was he rather economical in his speech. He has not given us an indication of the exact direction in which this Act is being amended. He has not explained what is meant by the relationship between His Majesty's Government and the Indian States. Does it contemplate that this Act will be used to prevent any sort of political agitation about the administration of the States in India, or is it only to prevent the relationship of paramountcy being endangered?

(At this stage the Honourable the President resumed the Chair.)

If it is with regard to paramountcy only, then we can have no objection; because that is a part of the life of the Indian States with which we are not interested. But so far as civil liberties are concerned, we claim a right to interfere in the actions of the Indian States. It is impossible to maintain water-tight compartments in British India whereby we will have liberties and responsibilities in British India with nothing being done in Indian States. The safeguard which existed at the time when the Honourable Mr. Williams introduced this original Bill in the other House does not exist now. At that time Provincial Governments were functioning in all the eleven provinces of British India, while today they are not functioning in seven provinces. One of the arguments which the Honourable Mr. Williams had used last September was that the power will rest in the hands of responsible people. Now that does not exist; only the Governors are in charge of the administration. A disturbing feature is the attitude that the Government of India has taken up, that it does not feel called upon to give information to the Legislature about the administration of the Act when we ask about it, that makes us doubtful whether it is advisable to give powers to the Central Government or not. I am not concerned with the latter two parts, the Chief Commissioners' Provinces and clause 3. I am only concerned with the change that is made in

regard to the operativeness of this Act with regard to States in India. If we are assured that this power will not be used to stop rightful agitation about maladministration in Indian States we can have no objection. The Honourable Member will realise what are our difficulties. Last year about this time we had firing at Jaipur. We had firing by the Congress provinces on the Mussalmans. The Congress can not be supposed to be very well inclined towards the Mussalmans; yet they acceded to our request and appointed a judicial enquiry at Bulandshahr to enquire into the shooting. Just now we had a shooting affray in Lahore. A Committee of two High Court Judges has been appointed. But when we asked for the appointment of a judicial enquiry to enquire into the Jaipur shooting it was refused. Is that a thing on which we can maintain silence? Is the Act to be used to stifle this rightful and most justifiable agitation which might be made against maladministration in Indian States? I do not know what is the intention behind the Act and therefore I cannot give any definite opinion until the Honourable Member enlightens us as to the scope of this measure.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Sir, I give my whole-hearted support to the position taken up by my Honourable friend Mr. Hossain Imam. It is well known that there is great dissatisfaction in Indian States both on account of want of adequate standards of administration and of constitutional reforms. Agitation for a change in the present system both constitutionally and administratively is going on in most of the States. It will be deplorable if anything that we do prevents the subjects of Indian States from claiming the rights that are their due as citizens of the States. I give expression to this fear because while in British India the Government of India who take action under the Defence of India Act are also responsible for taking such action as might in the circumstances appear necessary or desirable for allaying tension in the States, while the Government of India will be responsible for the enforcement of the Defence of India Act, they will not be equally responsible for the redress of the grievances that may have led to an agitation regarded as undesirable by them. There the responsibility for the enforcement of the Act is in the hands of two different authorities. Misgovernment in the States may, therefore, it is feared, be shielded by any action taken by the Government of India who can always plead when complaints are made against the undesirable effect of the use of the Act that they are not responsible for the internal administration of any State. Sir, if the Government of India make themselves responsible for the exercise of powers under the Defence of India Act in the States, if they extend this Act to the States, then they must either accept the responsibility of ordering enquiries or taking such action as might appear suitable or give an undertaking on the lines asked for by my Honourable friend Mr. Hossain Imam. The present position is exceedingly unsatisfactory and we are afraid lest the use of the Defence of India Act should place the citizens of the States under a greater disadvantage than the people of India would labour under. We do not want that the Rulers of the States should under cover of the Defence of India Act regard themselves as free to treat their subjects in a harsher manner than the Government of India would dare or care to do here.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces: General): Sir, I have listened to the speech of my Honourable friend Mr. Williams very carefully, but I have not been convinced about the necessity of amending the

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Defence of India Act so soon as that. My Honourable friend Mr. Williams has not stated any facts or figures in support of his case that the Act needs amendment. The Bill, I understand, is to deal with attempts to prejudice the relations of His Majesty's Government with Indian States. I want to know from the Government whether cases have come to their notice of attempts made by the people to prejudice the relations of His Majesty's Government with Indian States. Unless, Sir, he gives some idea about the attempts that have been made or of the nature of the attempts that would be made in future, we are not in a position to decide one way or the other. So far as the actual working of the present Defence of India Act is concerned, statements were made in the other House that the powers under the Act have been abused in certain provinces. When this Act came before us last September the Government of India gave us an undertaking that they would be very careful in watching that the provisions of the Act are not abused in the provinces. Sir, I find from press reports that my Honourable friend Mr. Williams did not give any answer to these questions that were raised in the other House. My Honourable friend owes a duty to this House to explain to us the necessity of the present Bill and also the way in which the Government of India took care to watch carefully that the Act was not abused in the provinces. I find from reports, Sir, that Labour leaders are being arrested. Professor Ranga, a Member of the Assembly, has been arrested in Madras. In this morning's paper, I read that Miss Gokhale has also been interned. Sir, if people are being arrested or interned only for holding advanced political views, I beg to submit that the provisions of the Defence of India Act are misused. You cannot use these provisions against them unless they advocate violent views which result in violence. And, therefore, Sir, in my humble opinion, the provisions of this Act are being abused and if no proper care is taken by the Government of India this mischief will continue for ever. So far as the States are concerned, Sir, my Honourable friends Mr. Hossain Imam and Mr. Kunzru have explained the position and I fully agree with them. Sir, I think there is already on the Statute-book an Act for safeguarding the interests of the Indian States—I mean the Princes Protection Act. Did the Government of India receive any representation from the Princes that the Act should be amended? And if not, why has the present Bill been brought before us? Sir, these are the facts we want to know from the Government. Sir, I am not one of those who want to wipe away the Princely order but I submit, Sir, that the subjects of the Indian States have a right and a legitimate right to share in the responsibility of the administration of those States. If legitimate agitation is carried on for achieving that purpose, no measure should be undertaken which will prevent that attempt. Sir, it is feared in some quarters—and owing to past experience we think the fear is justified—that if this Bill is passed and no care is taken to use properly the provisions under this Bill, any legitimate agitation for getting a proper share in the administration of the States on the part of State subjects will be hampered. The Princes ought to move with the times. They cannot be free from this responsibility and say that they would like to be dictators in their own States. We know that in many of the States the administration is not up to the standard that obtains in British India. Therefore, I submit, if this Bill is passed, it is likely that any legitimate agitation on the part of British India for helping the subjects of the States is likely to be hampered. I, therefore, hope that my Honourable friend Mr. Williams will give us a correct idea of the situation as it stands now.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I should like to associate myself with all that has been said about this Bill by the Honourable Mr. Hossain Imam, the Honourable Pandit Kunzru, and the Honourable Mr. Kalikar. In the speech which he delivered, the Honourable Mr. Williams did not consider it necessary to tell us why this Bill was necessary. He gave us no facts or figures to show that there were any movements in the States which this Bill was intended to deal with. We should have liked to have had more information because on the material before us it is obviously impossible for us to say that a case has been made out for the extension of the powers under the Defence of India Act to the Indian States also. The Honourable Mr. Kalikar has very rightly pointed out that there is a Princes Protection Act already in existence. And there is one fact which we must always remember and that is this that, if the Princes have their treaty rights, the subjects, as Viscount Samuel in a very notable speech very well pointed out, have their moral rights also, and you have to balance these treaty rights and these moral rights; and as many of us want constitutional government in our own country, it is not possible for us to withhold our sympathy from those who are working in a legitimate and constitutional manner for the enlargement of their civil and political liberties in Indian States. Sir, the administration in British India is different from the administration in Indian States. Here, when we are dealing with British India, we can often call to account the Honourable Mr. Williams for what he has done or for what he has omitted to do, but we may not always be able to deal in a similar manner with things that happen in another part of the country. Therefore, we have a moral responsibility in regard to this matter and on the material before us it is not possible for us to lend our support to this measure. This is all that I have got to say so far as this Bill is concerned.

THE HONOURABLE MR. A. DEC. WILLIAMS : Sir, I must confess that I am surprised to hear from the Honourable Mr. Sapru that he is unable to support this measure.

THE HONOURABLE MR. P. N. SAPRU : You have not supplied us with any material.

THE HONOURABLE MR. A. DEC. WILLIAMS : The comments on this Bill appear to be limited to two points,—the provision relating to the Indian States and the general working of the parent Act. My Honourable friend Mr. Hossain Imam, when he asked whether the amendment relating to the States had reference only to paramountcy, was carrying the discussion into very rarified strata of the constitution. I do not think that, when this amendment was under consideration, the word "paramountcy" was so much as mentioned. Alternatively, he inquired whether this amendment was made with regard to such activities as discussion in British India of the internal administration of States in India. Well, Sir, it certainly could have relation to such discussion. My Honourable friend asked whether I could give an assurance that the rule, if so amended, would not be used to interfere with "rightful" agitation in British India as regards Indian State administration.

Now, Sir, it is very difficult to decide what is "rightful" criticism. That is a matter, in the first instance, for the Executive Government to make up its mind about before taking action under the rule and later it would be for the courts to decide whether the criticism is, not "rightful", but prejudicial to the relations between His Majesty and the Indian State. It is, as I say, a question for the Executive Government to make up its mind about in the

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first instance before attempting to make use of the rule and the last resort for the courts to decide when the question of penalty arises for infringement of the rule or anything of that kind.

But I can assure Honourable Members that at the time of proposing this amendment Government had no intention of stifling reasonable criticism. They did not intend to use these powers to put down criticism which in relation to British Indian affairs would be regarded as reasonable. But it is quite impossible to define here and now what sort of criticism, what sort of newspaper articles, what sort of speeches, might or might not prejudice the relations between British India and the States—for that, in effect, means the relations between an Indian State and His Majesty : for it is only through the Crown that British India has relations with the States.

I think Honourable Members must appreciate that there are activities which can make for unpleasantness as between the Government of India and the Government of a State, and surely they cannot countenance activities of that kind. I cannot give definite assurances, because I cannot say here and now what is legitimate criticism. But if criticism is reasonable, there is no intention to stifle that criticism—

THE HONOURABLE MR. HOSSAIN IMAM : May I ask what would be the attitude of the Government if *jathas* are sent, i.e., if people go from British India to Indian States to offer civil disobedience ?

THE HONOURABLE MR. A. deC. WILLIAMS : I cannot possibly say, Sir. It would depend on the circumstances.

Then, my Honourable friend Mr. Kalikar, complained that I did not give any instances of activities calling for these powers. All I have to say is this, that this Bill is to supply an omission. If it had not escaped our notice, we would have included this provision in the Bill which became the Act last session. We were not asked at that time to produce instances of deleterious activities justifying all these powers. It was simply an omission ; and clearly, as I said in the other place, prevention is better than cure. There is no need to wait for the occurrence of these unsatisfactory activities before taking necessary powers.

The same applies to another question of my Honourable friend Mr. Kalikar as to whether the States themselves had been pressing for this amendment.

I come now to the second and more general question as to whether the very wide powers conferred by the main Act are being properly exercised and whether the Central Government is concerning itself with the manner in which those powers are exercised. I can only repeat the categorical statement, made by the Honourable Leader of the Legislative Assembly and reaffirmed by myself there, that on the whole the Central Government are satisfied that there is no material misuse of these powers. It is, of course, impossible to keep in complete detailed touch with all activities under the Act and Rules. But they are keeping in touch. Instances of what I might describe as minor abuses have come to their notice and they have seen to it that where they themselves consider an abuse has occurred, instructions or hints are given in the appropriate quarter so as to secure that there shall be no repetition. But I claim that on the whole there has been very little abuse of these powers.

There was never any assurance given that they would never be used against political activities where those activities are within the mischief of the rules and where the activities tend to lead to the results mentioned in the rules. An assurance was given that they would not be generally used for political purposes, and I maintain they are not so being used.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, I had no intention of intervening in this debate at the outset, but I feel that after the speech which has just been made by my Honourable friend Mr. Williams, it is necessary that I should make my position clear if I am asked to cast my vote on this matter. I thought that when my Honourable friend Mr. Williams stood up for the second time, he would at least enlighten us as to the actual reasons which have induced the Government to bring forward this amendment. It was only in September last that the Defence of India Act was passed at the Council session in Simla and somehow we feel at a loss why Government have found themselves in a position to ask for an amendment of the Act so soon.

THE HONOURABLE THE PRESIDENT : I understand he has given two reasons, first, it was an omission in the main Act, and, secondly, prevention is better than cure.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : I understand that, Sir, but I should like to know if there have been any specific instances at all which have disclosed the deficiency in this Act and which have justified the necessity for reinforcing the Act ? As my Honourable friends Mr. Hossain Imam, Pandit Kunzru and Mr. Sapru have said, it is impossible for us in India, who are agitating for our civil and political rights here, to withhold our sympathy from similar agitations in the Indian States. It is necessary that every possible assurance should be given to us so that we may feel no doubt that there would be any attempt made to restrain any movement in British India which would go to encourage the people in the Indian States who are legitimately and quite within their limits agitating for the liberalisation of the administration in the Indian States. I feel, Sir, that since there is already the Princes Protection Act, any attempt to prejudice the relations between British India and Indian States could be brought within the purview of the provisions of that Act. But whatever might be the reasons for the Government to ask for an amendment of the Defence of India Act, I feel that inasmuch as a great struggle is going on for the saving of the civil rights and liberties of the whole of humanity that the cause for which the Allies are fighting is one for which every one of us will have to do his best to support, I feel that one thing is clear to us, whatever might be our apprehensions regarding the way in which these things are managed, even if in some instances

there are trivial abuses of the Defence of India Act, we have not to do anything which would go to embarrass the Government in the carrying on of their struggle. On this ground, Sir, I feel that we should all allow this Bill to be passed and at the same time request the Government to see that no provision of the Defence of India Act is abused. Of course we have been assured that the Government is acting with care and circumspection. At the same time we do ask the Government to take the utmost possible care that there is no complaint anywhere about the provisions of the Defence of India Act being too rigorously used.

12 NOON.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That the Bill to amend the Defence of India Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. DEC. WILLIAMS : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

AGRICULTURAL PRODUCE CESS BILL.

THE HONOURABLE MR. J. D. TYSON (Education, Health and Lands Secretary) : Sir, I move :

"That the Bill to make better financial provision for the Imperial Council of Agricultural Research, as passed by the Legislative Assembly, be taken into consideration."

Sir, the Bill itself is short and very simple, and I therefore propose in moving for consideration to devote myself rather to explaining the reasons for the measure than to describing the Bill textually. The object in a sentence is to provide the Imperial Council of Agricultural Research with an assured and reasonably stable income for the purposes of its general research by releasing it from the trammels of the Central Government's budgetary procedure and by allocating to it, under suitable restrictions, a special and, we hope, a more lucrative source of income. Honourable Members will recall that the Royal Commission on Agriculture in India, to whose recommendations the Imperial Council of Agricultural Research owes its inception, prescribed continuity of policy as essential to the satisfactory development of agricultural research, and that body also recognised that a programme of ordered advance would be possible only if the body entrusted with the direction and the co-ordination of that policy were placed in a secure financial position beyond the possibility, as I think they said, of prejudice from financial vicissitudes. They envisaged the establishment of an agricultural research fund with a grant of Rs. 50 lakhs from central revenues, and they also hoped that additional funds would be made available from time to time as financial considerations permitted. Now, Sir, in actual fact when the Imperial Council of Agricultural Research was set up in 1929 it was endowed with a capital grant of Rs. 25 lakhs, not Rs. 50 lakhs, and an annual grant of at least Rs. 5 lakhs was to be provided for scientific objects and another sum of about Rs. 2½ lakhs for the staff and secretariat of the Council. The Council of course also receives from Provinces and States a share of the cost of research schemes taken up for them. But the present legislation affects the provision of funds from the central revenues only, and I propose to confine my remarks to those funds provided from central revenues, and even to those funds only in so far as they concern the general research activities of the Council, because the present legislation does not affect the annual grant for the upkeep of the administrative staff and

establishment of the Council and it also does not affect the amount met from central revenues for sugar research and for marketing. These will continue for the present to be provided from central revenues.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the total of the grants made for research work in sugar and the work done for the marketing of agricultural produce ?

THE HONOURABLE MR. J. D. TYSON : I shall have to look that up. I will try to deal with that point in my reply.

Now, Sir, in the first ten years of its existence the Council received from central revenues for the purposes of its general research a sum of about Rs. 84 lakhs. That includes the initial grant of Rs. 25 lakhs. Against this, expenditure on research, starting at about a lakh in the year 1929-30, has averaged Rs. 6.84 lakhs a year in the same period. But this is the important thing ; the figures of expenditure in the eighth, ninth and tenth years all exceeded Rs. 11 lakhs, and the estimated expenditure in the year that has just closed was in the neighbourhood of Rs. 12½ lakhs. Allowing for accumulated interest the Council expected to have on the 31st March, 1940, for purposes of general research, a balance of Rs. 22.61 lakhs received from Central Government grants. But this is in no sense a free balance. The Council are required, for each individual scheme of research that they take up, to earmark funds to cover that scheme through the full term of its expected duration, and the Council therefore have very substantial commitments with respect to this apparent balance of Rs. 22.61 lakhs. In fact the Governing Body at its meeting of July last worked on the assumption that the unallocated balance of the Council on the 31st March would be only Rs. 3.19 lakhs. To this the Council, on past experience, could have expected to have added an annual Government grant of Rs. 5 lakhs and something on account of interest accumulated on money set aside to finance running schemes. They might have expected to start this year with something like Rs. 10 lakhs. Against these modest expectations the Council have a tentative programme which embraces schemes sanctioned by the Governing Body to take effect from the beginning of the current financial year, schemes very cogently recommended to the Council by Sir John Russell and Dr. Wright in their quinquennial report on the activities of the Council, and other schemes regarded by the Advisory Board as worthy of adoption and in some cases as very urgent. In fact the total annual requirements of the Council have been put by them at Rs. 15½ lakhs. Apart from the accumulated funds already earmarked for schemes in progress, they feel that they should be spending a figure of about Rs. 15 lakhs. It was to meet a situation of this kind, which had already been foreseen, that in December, 1937 the Governing Body of the Council asked the Central Government for a special non-recurring grant of Rs. 16 lakhs. Again in July, 1938, with an optimism apparently undiminished by the rejection of their former request, they approached Government for raising the recurring grant from Rs. 5 lakhs, which had been the normal figure, to Rs. 25 lakhs a year. This also had to be refused, and it was in these circumstances that the Governing Body in July of last year adopted, for recommendation to Government, the proposals on which the present Bill is based. These are that, in lieu of an annual budget grant to finance its general research activities, but I may say without renouncing hopes of an occasional crumb from the Honourable Finance Member's fiscal table, the Council should receive the net proceeds of a cess levied at a half of one per cent. *ad valorem*, i.e., half per cent. *ad valorem* on exports of certain agricultural and animal products not already subjected to any export duty or

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cess. In the Bill before the House provision is made in clause 6 for the net proceeds of this cess—that is to say, the gross proceeds diminished only by the cost of collection—to be made over to the Imperial Council of Agricultural Research without the intervention of the ordinary budget procedure and these proceeds are to be expended by the Council “subject to such limitations as may be prescribed in rules made by the Central Government”. I would invite Honourable Members’ special attention to that last phrase “subject to such limitations as may be prescribed in rules made by the Central Government”. The agency for the collection of this cess will be the ordinary customs machinery and the Bill has been drafted to attract the existing customs law and procedure. The extra cost in which the collection of this cess will involve the customs authorities cannot without actual experience be accurately calculated, but an approximation of the net proceeds of the cess, allowing for what we think they will charge us for collecting it, on the commodities covered by the Schedule, gave a promise, at pre-war figures, of a receipt of about Rs. 14 lakhs by the Council. These receipts will go to finance schemes of general research. Government propose for the present, as I said already, to finance marketing and sugar research activities of the Council from central revenues and also to meet from central revenues the cost of the administration staff and the Secretariat.

Honourable Members will find that clause 8 of the Bill will enable the Council to accumulate a reserve fund. The intention is that, subject again to rules laid down in that behalf, in a good year an excess of receipts over some stipulated figure will be credited to a reserve fund. From that fund in a bad year the sum necessary to level up the cess receipts to the stipulated would be made available. If a substantial reserve fund can be accumulated in this way, it stands to reason that the stability of the Council’s income will be ensured and there should also be additional receipts by way of interest.

I need hardly tell the House that the principle of imposing a cess on an agricultural commodity for the purpose of financing research, even a cess collected as an export duty, is in no sense novel. There are cesses of this kind already on lac, cotton—it goes further than a cess on exports—tea, coffee; and we have taken care not to include in the Schedule any commodity which at present bears any cess or export duty. It would be rash to dogmatise as regards the question who will bear the cess. I suppose that at different times and in different degrees it may be borne by any one of the four classes, the producer, the dealer, the shipper and the consumer overseas, or it may be distributed between two or more of them. But wherever it may fall from time to time, it is, I submit, a very modest impost as compared, for example, with the impost of 6·1 per cent. on raw jute. Of course jute is by way of being a monopoly but take 3·1 per cent. on rice and 2·2 per cent. on coffee. The cess which we propose works out, for instance, at 120th part of an anna per lb. weight on fruit or vegetables; or to take another example, it works out at one-twenty-fourth of an anna on a “piece” (of 20 lbs.) for raw skins. The Bill as introduced in another place empowered Government to add to the commodities liable to cess in the Schedule. That provision has been removed from the Bill. New commodities cannot now be added to the Schedule without recourse to fresh legislation. But Honourable Members will see that the power to remove commodities from the Schedule by executive action still remains in clause 4 of the Bill. Government would therefore be in a position to afford relief if it was shown that in fact the cess was strangling the export trade in any particular commodity.

There is one other aspect, Sir, of the proposal to which I should like to make a brief reference and that is what I may call the constitutional aspect. Honourable Members may entertain an apprehension that we are in some measure weakening the responsibility of the Legislature by giving the Council an independent source of income. Now, Sir, even if we were doing that—and I hope to satisfy Honourable Members that we are not doing so—I would point out that the money will be in very safe hands. The composition of the Governing Body of the Council, in the first place, is very democratic. Besides the 11 Provincial Ministers of Agriculture, there are two representatives of the Legislative Assembly and one representative each elected by this Honourable House and by Indian Commerce and Industry and by European Commerce. In other words, there are 16 elected and representative members on the Governing Body as against only three *ex-officio* members and two technical members who are chosen by the Advisory Board of the Imperial Council of Agricultural Research, and about six, I think, nominees of Indian States which have been affiliated to the Body. Even if we were handing the money over without any control whatsoever, it is in itself a responsible and reliable body to whom we are making it over. But as a matter of fact we are not proposing to give the governing body of the Imperial Council any freer hand with this money than they already enjoy. In fact, I think the effect of this Bill will be to make the control of Government at all events stricter. The present practice, once the budget grant has been voted, is that the governing body has power to utilise the money as it thinks best, subject only to general instructions laid down by the Government. There is no day to day interference, even under the existing circumstances, with the spending of that money. Certain general principles are laid down by Government and followed by the governing body. Within those limits they have a free hand. But in clause 6 of the present Bill Honourable Members will find that it is provided that the proceeds of the cess shall be expended by the Council subject to such *Rules* as are made in this behalf by the Central Government. So we are now substituting rules for the general instructions laid down before. It is true that we are eliminating the budget procedure in respect of the money which will be made available for the general research of the Council but that only represents a part of the money annually voted for the Council. As I have said already, the votes for the administrative staff—something like Rs. 2½ lakhs—and for certain activities in the way of marketing and sugar research will remain. The Legislature will still retain its full rights of interpellation and of moving Resolutions and will still vote on the grant for the permanent staff and some of the activities of the Council. Without its permanent staff, the Council cannot function, so that the Legislature will still retain its hold. Over and above this, Honourable Members will find that in clause 7 of the Bill it is provided that there shall be a Standing Finance Committee of the Council and on this Committee Government will have a representative and one of the representatives of the Legislature, that is to say, either the representative of this Honourable House or one of the two representatives of the Legislative Assembly will have a place on it. The procedure and the functions of this Standing Finance Committee will be regulated with the approval of Government. I venture to think, Sir, that it cannot be seriously contended that the Legislature will be in any way abrogating its powers of control over the Council.

Agricultural research, Sir, if it is to be productive of results, must take a long view. It is not a matter that can be taken up intensively when Government are in funds and dropped when the financial position is bad. Continuity is necessary and this involves planning ahead with a reasonable certainty as to ways and means. A scientific institution with a long term programme ought

[Mr. J. D. Tyson.]

to be able to depend on long-term financial resources. From this point of view, I venture to think that there are great and obvious advantages in relieving the Council in its general research programme from direct dependence on the vicissitudes of Government finance. I confidently commend the Bill, Sir, to the sympathetic consideration of the House.

Sir, I move.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : Sir, it is very disappointing to me that the Government of India with a resource of Rs. 90 crores of revenue and a large portion of that revenue coming from the agricultural population, that they should again tax agricultural produce when it is exported to other countries. Sir, it seems to me that there is something rotten in the State of Denmark when the Government of India's finances are not adequate enough to contribute Rs. 14 lakhs annually as a fixed recurring grant for this Research Institute.

THE HONOURABLE THE PRESIDENT : Who will pay ? The producer or the consumer ?

THE HONOURABLE SIR A. P. PATRO : No one doubts that the industrialist, the agriculturist and the capitalist are all equally interested to see agricultural development in this country on scientific lines, that agriculture is carried on with labour-saving machines, that productive research should be applied in the matter of manures and the lifting of water, that all these economies and advantage should be introduced. All these experiments are tried by the Research Institute and what is being done ? This is one of the most important recommendations of the Agricultural Commission and it has been started no doubt at the time saying that everything would be done to revolutionise agricultural economics in this country. But is anything being done now, except in the matter of experimenting in two or three crops ? The rest is left where it was when it began. It is not want of finance. You have got enough experts trained both in other countries and those who have gained experience and knowledge from other sources. They are there, but my complaint is and has been all along that the results of these experiments have not been communicated to the real agriculturist. I know that you have published bulletins and books but what is the use of publishing the results of your research when you are not able to communicate them to the agriculturist ? When you cannot take help to the door of the agriculturist ? The agriculturist is not, as I said before, a fool, he is a man of strong common sense. Place before him the results of your experiments, convince him that they are economically and financially sound and he will readily take them up. What has been done so far with regard to this ? Research is necessary and we shall have to make researches in agricultural produce, but has anything been done till now in order to improve the agricultural economics in the provinces ?—to bring better methods to the door of the ryot in the villages ? Nothing has been done till now. And yet the Central Government, with such a huge revenue taken from the ryot, from the producer, is not able to spend Rs. 14 lakhs for the purpose of research work. What is the Government for ? Is the Government only to collect taxes ? Is the Government only for the purpose of imposing on the people taxes which they do not want ? Is it not there to see that their economic condition gradually improves as the revenues of the Government of India increase ? Take the last 12 years. What was the revenue 12 years or a decade back ? What is the revenue of the Government of India

today ? And see how it has increased and multiplied to the extent of the present figure. Now during that time, I ask the Government in all sincerity, what steps did the Government take in order to effect a corresponding improvement in the agricultural economics of this country ? People talk of industries and industrial improvement. How can you have industries when you have to import raw materials from other countries ? When you do not provide facilities for growing and developing such raw material as would be useful for industries and for general consumption, it seems to me that to tax export of agricultural produce in order to get Rs. 14 lakhs creates a very, very unhealthy impression on the mind of the agricultural population of India that in addition to the burdens that they have to bear, even the Central Government is going to tax their produce now. Apart from what has been done in the provinces the Central Government now propose to tax these people in the name of research, and of providing better education and knowledge to the ryot. In spite of his earnest and sincere pleading, the Honourable Mover has not convinced me of the necessity for this step. The other day an announcement was made. It was acclaimed throughout the country that during the war Government are going to set up an expert committee and that the Finance Member has placed some money at their disposal for the purpose of supporting the development of the nascent industries in this country. When you are able to provide a certain sum of money for industrial development, why have you neglected the very source and life of the industry, namely, agriculture ? The Government of India want to raise money from agricultural produce and use it again for the benefit of the agriculturist. What does this Government stand for ? What is the policy of this Government with regard to agricultural economics ? It is impossible to concede that they have any policy. Because Agriculture is a Provincial subject according to the Constitution Act of 1935, therefore they say they are not directly concerned ; they are only to make research and communicate to the Provincial Governments. They leave it to the mercy of the Provincial Governments to carry the results of the research to practical operation. Why should the Central Government not contribute from its own funds. When it could spend Rs. 45 crores on expenditure other than defence, could they not spare Rs. 14 lakhs out of that sum for this purpose ? Either the Finance Department are deliberately confusing the responsibility or the Government of India are not able to realise the importance of agricultural development. The Research Institute is one of the few institutions which is capable of doing good to the agriculturist. They can show by research in what ways improvements can be effected. The Government of India say that because they cannot provide enough funds for the Institute, the export of agricultural produce must be taxed. The Honourable Mover has said it may be the producer or the middleman or the consumer who may ultimately have to pay. Whoever it may, in the first place the tax has to be paid by the producer when the produce is exported, and ultimately it will fall back on his shoulders. Therefore, it seems to me that the Government of India have failed in their duty to the agriculturist. This Bill is, therefore, only a ruse. It is a method which no civilised Government would adopt. The Honourable Mover has said that it is only the products which are mentioned in the Schedule which will be taxed and not the others. It has become the custom that because the Government has committed mistakes before, therefore they must repeat the mistakes again. That is no explanation. Therefore, considering the responsibility of the Government of India to improve agriculture, this is one of the things which as an agriculturist and as representing the agriculturist, I do feel it my duty to urge their interests whenever they are neglected. (Referring to the Honourable Member next to him.) You cannot understand the real

[Sir A. P. Patro.] position. You live on a military pension, but we live by cultivating the soil and getting the best out of it. Therefore, we are anxious that the research work should be carried so that the agriculturists may be benefited. The principle of the Bill to tax is not at all worthy of a responsible Government. Therefore, I say that I am not in favour of imposing a new tax on exports as proposed.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, it is clear from the speech of my Honourable friend Mr. Tyson that it is the unwillingness of the Central Government to give funds for general research that is driving the Imperial Council of Agricultural Research to ask for the imposition of an export duty on certain kinds of Indian agricultural produce. The Council asked for a non-recurring grant of Rs. 16 lakhs in 1937. That request was turned down. Next year it asked for a permanent grant of Rs. 25 lakhs a year. That too was turned down, and it was of course obvious that the Government of India, having refused a request for a non-recurring grant, would not agree to a request for the enhancement of the permanent grant. This year, taking the General and Railway Budgets together, taxation to the tune of Rs. 11 crores has been imposed. Yet, Government consider that in order to maintain work on which the prosperity of the country depends and also the production of some of those things which are needed for the prosecution of the war a special cess should be imposed. Is this an attitude which is in the slightest degree justified? Government are going to continue the grant for sugar research. They are also going to continue the grant for marketing. But they wish to stop the grant which is given for general research. What is the reason for this policy? Are they dissatisfied with the general research work done by the Council? They asked Sir John Russell to investigate the value of the work done by the Council. What is his verdict? Is it condemnatory of the work done by the Council or is it appreciative? If Sir John Russell has not merely commended the work already done by the Council but has asked for its continuance and development, why is the Central Government ignoring the report of Sir John Russell and adopting a step-motherly—I had almost said a hostile—attitude towards the Imperial Council of Agricultural Research? My Honourable friend Sir A. P. Patro referred to the contrast presented by the grant of Rs. 5 lakhs to a newly created Board called the Industrial and Scientific Research Board and the unwillingness to continue the general research work done by a body that has been in existence for nearly 12 years, and which was established on the recommendation of a Commission presided over by no less a personage than the pre-ent occupant of the exalted position of the Viceroy of India. Surely, my Honourable friend must justify the introduction of this Bill on some better grounds than general platitudes about the need for a reasonable and assured income for carrying on long-term scientific research. We all recognise the value of this work. We recognise the need, indeed the necessity, for providing the Imperial Council with an assured income, with funds that would enable it not merely to carry on its existing work but also to develop it. But there is no reason why Government should not from their general funds, specially when they have imposed taxation amounting to nearly Rs. 11 crores, provide the small amount of money required for the development of the Council's work.

Sir, my Honourable friend Mr. Tyson has told us that the principle of a cess is not a new one. Cesses are already levied on cotton, lac, tea and coffee—I think those are the illustrations that he gave—and he sees no reason why the imposition of a cess on the export of certain kinds of agricultural products

should be objected to in principle. Now, whatever might have been done in the past, that cannot be any guide to us when we are in a stronger position to bring pressure to bear on the Government of India and to have our views listened to. But there is a difference between the cotton, lac, tea and coffee committees and the Agricultural Research Council. These committees are, if I may say so, doing their work on a commercial basis. What I mean is that the value of the work done by them is likely to reach the cultivators soon. It is probable therefore that research work in respect of these commodities would lead to immediate commercial results. But general research work surely cannot be placed on that basis. It is bound to take some time to produce results of value and to have them accepted by the cultivators in the country. It is necessary therefore that this general scientific research should be fostered by Government with great care and that it should not be required to become self-supporting, as work in connection with commercial crops may in certain circumstances be justifiably asked to be. Sir, I fear that the difference between the attitude of the Government of India towards the newly started Industrial and Scientific Research Board and the Council of Agricultural Research is due to the fact that the Board of Industrial Research is something that was required immediately by a vocal public. The Government of India could not ignore the demand for such a Board without incurring great unpopularity. They have therefore quietly provided funds for this Board. The Imperial Council of Agricultural Research is however not in the public eye to the same extent as the Industrial Board is likely to be, and consequently they feel that they can easily adopt an unfavourable attitude towards it.

Sir, I should like in connection with this Bill, which raises certain constitutional questions regarding the Agricultural Council, to ask my Honourable friend Mr. Tyson to tell us what the position of this Council is. When the Council was established, I have good reason for knowing that the Honourable Sir Girja Shankar Bajpai put up a strong and able fight on its behalf and was able both to secure independence and funds for it. But last year Government arrived at a decision which has seriously reduced the status of the Council. Till last year the Council had the status of a Department of the Secretariat of the Government of India. In other words the Vice-Chairman of the Council was in the position of a Secretary to Government. This however has been changed. The Imperial Council has now become a section of the Education, Health and Lands Department, and the pay of the Vice-Chairman, which was Rs. 4,000 during the time of the two previous Vice-Chairmen, has now been reduced to Rs. 3,250.

THE HONOURABLE MR. J. D. TYSON : Has this anything to do with the Bill?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : You have raised questions with regard to the future position of the Council. You have tried to assure us that the status of the Council would not in any way be affected. I therefore want to point out that you have already taken action which affects the independence of the Council and the future development of its work. We have, on one side, Sir, the Supply Department, which is presided over by a Director General whose pay is higher than that of a Secretary and who, as he told us the other day, enjoys the powers of Government—

THE HONOURABLE MR. H. DOW (Nominated Official) : No, Sir; I am afraid I never stated that. I stated that the War Supply Board had the powers of Government. I am not the War Supply Board. Very far from being the

[Mr. H. Dow.]

War Supply Board, I represent one Department out of five Departments on the War Supply Board.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I paid a compliment to the Honourable Member by implying that he was the most important Member of the Board.

THE HONOURABLE MR. H. DOW : I am so unused to compliments that I hardly know how to answer them !

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : When they are deserved they should not be answered ; they should be accepted with gratitude.

I was, Sir, contrasting the position of the Imperial Council with that of the Supply Board. On the one hand, there is the Supply Board which is in a specially advantageous position, which occupies a position midway between a Department of the Secretariat and a Member of the Viceroy's Executive Council, and there is, on the other hand, the Imperial Council of Agricultural Research the status of which has been reduced and which is being grudgingly given a small grant of Rs. 14 or Rs. 15 lakhs a year in order to carry on work on which the welfare of the millions of inhabitants of this country depends, inhabitants who are the mainstay of the finances of the Provincial Governments and the Central Government.

Sir, there is one more point which I should like to dwell on before I sit down. It was urged by my Honourable friend Sir A. P. Patro. The research work done by the Imperial Council as testified to by Sir John Russell, is of the highest value ; yet, I am sorry to say, that no adequate efforts have been made by Government to bring the results of this research within reach of the masses. The Taxation Inquiry Committee, which considered the desirability or otherwise of imposing export duties, while recommending the imposition of such duties in certain cases, said :

"They would also recommend that a part of the proceeds of this export duty should be applied towards educating the cultivators to make an increased use of these artificial manures and thus increase the productivity of the soil".

I draw the attention of the Government to this recommendation, because when Government impose a duty on agricultural produce it is necessary that some part of the proceeds should be used for carrying on propaganda among the cultivators and furthering what I might call developmental work.

I have, Sir, fortunately a more recent recommendation than that of the Taxation Inquiry Committee on this subject. Sir John Russell, to whose report I have already referred, laid great stress on the need for what I have called general developmental work. He said :

"A stage is now reached where a reorientation of the Council's activities should be considered.

"It may be laid down as a broad principle that the investigations fostered by the Council should be for the express purpose of improving agriculture."

—I should like the Council to note these words—"should be for the express purpose of improving agriculture"—

"The great need now is for fuller use of existing knowledge, rather than the accumulation of more knowledge for work on the cultivator's fields rather than in the laboratory".

He further said :

"Agriculture in India is not merely an industry but the mode of life of a large part of the population. The scope of the Council's work must therefore be much wider than if the subject were purely a branch of technology".

He expanded this by saying :

"The Council's investigations should be directed to increasing the output per acre of food crops with a view both of ensuring full supplies and of liberating land for the growth of the supplementary crops and of fodder crops for the production of milk".

Now, what action have the Government taken to implement this recommendation of Sir John Russell ? I shall probably be told that direct work among the cultivators is primarily the concern of the Provincial Governments ; but I cannot allow the Central Government to take shelter behind such an excuse. They knew when they created the Agricultural Research Council that the provinces would never be able to find adequate funds for bringing the results of the researches carried on by the Council to the knowledge of the cultivators. They knew that the finances of the provinces would not permit them to undertake work on a large scale in this direction. Yet they thought that the establishment of such a Council was necessary. It seems to me therefore that by their action they also took upon themselves the implied duty of going to the cultivators, of informing them of the value of the work done by the Council, and of persuading them to accept the methods and suggestions favoured by the Council. I am sorry to say that such work has not been done on any appreciable scale. This is not the fault of the Council. The work of the Council was limited to research work. The fault is of the Central Government and they must tell us why this work has been lost sight of, why they have not taken adequate care to see that the research work bears fruit in practice.

THE HONOURABLE SIR A. P. PATRO : We are the dumb millions ; we are not vocal.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Yes, that is true of the people who are affected by the activities of the Research Council but that is happily not true of us. We can make ourselves heard by the Government of India and can even make ourselves unpleasant.

Sir, these are the main points that I wished to bring forward in connection with this Bill. I should have liked to say something more about the constitutional position of the Agricultural Research Council but, as my remarks made my Honourable friend Mr. Tyson uncomfortable, I curtailed them and did not refer to the position of the Cotton Committee and the Lac Committee and the other committees to which he referred, in their relation to the Agricultural Research Council. But this too is a matter requiring the attention of the Government. The commodities with which these committees are concerned are agricultural. You have an Agricultural Research Council now. Is it not desirable that all the research work carried on under the auspices of the Government should be co-ordinated and brought under the control of one body. Why are you having five or six different bodies carrying on work connected, broadly speaking, with the same field of activity ? Surely this requires some justification. I only hope that in putting this question I have not added to the difficulties of Mr. Tyson and that he will be able to throw some light on the reasons which have induced Government to have so many unco-ordinated and independent bodies carrying on investigations in the same field.

[Pandit Hirday Nath Kunzru.]

Sir, before I sit down I must make it plain that, unless my Honourable friend is able to give satisfactory replies to the questions that I have put, especially to the questions regarding the attitude of the Government towards the Council and the future scope of its activities in relation to general development and propaganda, I shall be compelled to oppose this Bill.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, at this late hour I do not propose to make a long speech. I simply wish to state a few facts in order to clarify the position of those of us who were responsible for advising the Government to bring forward a measure of this nature. Sir, the Governing Body of the Imperial Council of Agricultural Research tried its best to avoid taxation of agricultural produce but we were practical men. We could not sit idle and simply malign the Government for not helping us. If they were not prepared to help us, we thought we should be up on our own legs and help ourselves. It was for this reason that reluctantly the Governing Body agreed to this measure being brought forward. The taxation of agricultural produce has been a part of the fiscal programme of the Government of India. The only item on which we had dissatisfaction with the Government was the non-inclusion of the income which the Government is deriving for its own benefit from the export duty on rice. Now all these duties on agricultural produce that are being levied at the moment,—excise duties,—all go to those bodies which are in charge of looking after the welfare of that particular production. For instance, the cotton excise duty goes to the Central Cotton Committee. A part of the sugar excise duty goes to the Sugar Committee. Now, out of the proceeds of the jute tax also, a part is made over to the Central Jute Committee. But of all these, rice is the only one which is selected by the Government of India to be retained and is not used for the benefit of the growers. The position of rice was a very important one as long as Burma formed part of British India. Then it was one of the big heads of income, but now with the separation of Burma it has become a very small source and there is nothing but sentimental grounds preventing the Government from handing over the proceeds from this also to the Imperial Council of Agricultural Research. I hope, Sir, that next year the Government will be not so stingy but will be more liberal ; and that the Finance Department will hand over the income to those who deserve to get it.

Sir, concurrently with the desire to increase our resources, the Governing Body was also anxious that the powers and functions of the Imperial Council of Agricultural Research should also be revised and extended. We are at the present moment restricted in our activities and it is necessary that, if we are to serve any useful purpose, our functions should be enlarged. Propaganda and dissemination of knowledge is of as great importance as inquiry and research into the scientific position. If we do not allow our knowledge to percolate to the cultivators, it would be wasted labour. In spite of all that we might achieve in the laboratories and preserve in books, if our conclusions are not translated into action, they will not benefit those who are engaged in this industry.

Then, Sir, a very important point was made by the Honourable Pandit Kunzru which had also some support in the Governing Body, that all the agricultural activities of the Government of India should be brought under one head. We have at the moment, Sir, the anomalous position of this Imperial Council controlling some of the activities and some of the activities being carried on independently of any advice from any committee by the Department of Education, Health and Lands. I refer, Sir, to the position about

dairy farms, about this research farm at New Pusa. All these things are under no control from any advisory body. There is not even any central committee or any statutory committee of any kind to advise them. Now, if we have got experts, agricultural experts, marketing experts, veterinary experts, on our bodies, why should the Government of India's activities in the field of agricultural research be outside the scope of this Council? And, as Mr. Tyson has very pertinently pointed out, this body—the Imperial Council—should command great respect, when you consider that all the Provincial Ministers are members of this body, when you further consider that Ministers of Indian States are also members of this body, and when the Central Legislature is also represented on that body.

A claim was made that the Governing Body should have some control over the staff employed in the Department itself, not all the staff but certain staff. But the Government could not concede this right to the Imperial Council. The Government want to keep this in their own hands. Although the members of the Imperial Council of Agricultural Research can appoint any number of staff they like in the provinces and States, they are incompetent to appoint even one person when they pool their knowledge. The Ministers of Agriculture are competent to appoint Provincial Directors of Agriculture but they are not fit enough to appoint even one person to this Council.

I rather feel that the Central Government are not as bad as they have been painted to be. They are still going to meet part of our cost in addition to the lakhs that we are going to receive as excise. I am positive that the pay and emoluments of the staff and advisers will be defrayed by the Central Government. I also have a feeling that the Government are going to continue to finance our marketing activities from their own funds and in addition they have promised to pay for sugar activities. Sir, we had hoped that concurrently with this Bill the Government will bring forward a Resolution in the Central Legislature or publish it in the Gazette modifying the scope and functions of the Imperial Council, because you cannot do the one thing without the other. If we have our resources increased, we wish that our activities too should be broadened. At the moment our activities are, as I said before, restricted. Sir, we would welcome any increased contribution which the Finance Department might be able to make to the resources of the Imperial Council. But, having the experience that we have of the Finance Department, I cannot bank upon it. I would, therefore, advise the Honourable Members of this Council, especially the agriculturists, to give their support to this Bill so that agriculture may stand on its own legs.

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, whatever may be the opinions on this Bill, there is no doubt that the Imperial Council of Agricultural Research is a most useful institution. It makes researches into various aspects of agriculture in this country. It has now been in existence for nearly 11 years and the Council of State is represented on it by a very energetic Member, my esteemed friend the Honourable Mr. Hossain Imam. We get an annual report of it every year and we are all familiar with its work, which is that of co-ordinating and promoting agricultural research. Now, there is just one question that I have to raise in regard to this Council of Agricultural Research. The Council was established after the

[Mr. P. N. Sapru.]

Report of the Royal Commission on Agriculture by a Government Resolution. As far as I can remember, the Agricultural Commission recommended that the Council should have statutory recognition. On page 5 of their Report they say :

"The Council of Agricultural Research and the agricultural research fund should be constituted by an Act of the Imperial Legislature. The position of the Council of Agricultural Research in relation to the administration of the research fund would be analogous to that of the Indian Central Cotton Committee in relation to the funds raised under the Indian Cotton Cess Act, 1923."

Then, Sir, they also proposed that the Council should be entrusted with the administration of a non-lapsing fund of Rs. 50 lakhs, to which additions should be made from time to time as financial conditions permit. Now, Sir, the question that I would like Mr. Tyson to answer is, why has this recommendation of the Agricultural Commission been ignored? Why has the Council been constituted by an executive Resolution and not by an Act of the Central Legislature? The Council has done special work in connection with sugar and the organisation of marketing of agricultural produce, and if I understood the Honourable Mr. Tyson rightly, Government have made so far a total grant of Rs. 85 lakhs, but in any year the Government grant has not exceeded Rs. 5 lakhs.

THE HONOURABLE MR. J. D. TYSON : If I might explain. It has exceeded Rs. 5 lakhs on occasion but that has been the general level.

THE HONOURABLE MR. P. N. SAPRU : As I understand the position, the Council has certain important schemes before it and the finances of the Council, as the finances of every other beneficent department, are not in a particularly satisfactory condition. They are in an unsatisfactory condition. Now, what the Bill proposes to do is to give to the Council, on which the Legislature is represented, some independent revenues. It proposes to allow the Council to levy an export duty or cess on certain commodities specified in the Schedule.

THE HONOURABLE MR. J. D. TYSON : Sir, if the Bill is passed, Government will itself levy this cess, and the Council will receive the proceeds less the cost of collection.

THE HONOURABLE MR. P. N. SAPRU : The administration of the cess will vest in the Council. The rate of duty is one-half per cent. *ad valorem*. The suggestion, I understand, is in accordance with the majority view of the Members of the Council. Now, the rate of duty is only one-half per cent. It strikes me that it is a very slight impost. Undoubtedly from the point of view of fundamental principle it is wrong to tax exports of agricultural produce. But, Sir, we have accepted this principle in a modified form in the case of certain other commodities like cotton, lac, tea and coffee and the Indian Central Cotton Committee manages the proceeds of the cotton cess. Also, looking into the Schedule, I find that care has been taken to see that no agricultural commodity which pays a cess already is included. Therefore there is no question of any double cess. This being the position, I take it that the House is being asked to give approval to a beneficent scheme, a scheme which will promote agriculture, which, as the Honourable Sir A. P. Patro pointed out, is the mainstay of our people. The burden is not, as I have said already, too heavy, and I do not think that exports even with price control in operation

will be affected in any appreciable degree by this slight impost. Therefore, I am not raising any objection to this cess, though I am free to recognise that in principle there is much to be said against taxing agricultural commodities of an exportable character at all. I would, however, like to make a few observations on the activities of the Council in general. First, Sir, I should like to say that I should like the Council to have a wider conception of its responsibilities and duties, to research not only into agricultural produce and methods of improving agriculture but research into the conditions of that essential commodity for all agricultural industry, namely, labour.

THE HONOURABLE MR. HOSSAIN IMAM : Widen the scope.

THE HONOURABLE MR. P. N. SAPRU : Yes, the Council should interest itself into the conditions of agricultural wage-earners, their conditions of work, the systems of tenancy in operation in various parts of the country, the rents payable by the tenants and the general question of their welfare. I know these are provincial subjects, but the Council can act as a co-ordinating agency where these questions of common interest can be discussed and researched into. Questions, for example, of fixation of rent, payments of rent, weights and measures for payments of rents in kind should also receive the attention of the Council. The constitution of the Council is given in the Annual Report and we have a very eminent personnel and a very distinguished member of the Civil Service as the Chairman of the Council, a man who was a most able Secretary in our province. Then we have the Secretary to the Government of India, Department of Education, Health and Lands; then we have the Ministers of Agriculture and the Dewans of certain States and we have representatives of the Assembly, the Council of State, Chambers of Commerce and the Sugar Industry. But I regret to find that there is no representative of the real agricultural interests in the country on the Council, namely, tenants, peasants and workers. I think there should be some representation provided in the Council for the largest class of the agricultural community, the peasants and the workers. I do not say that the representation should necessarily be through election. It may be difficult for you to start with to find suitable machinery for electing representatives of agricultural labour, but there should be some representative of agricultural labour, a real genuine representative of agricultural labour. You have in the Assembly a real genuine representative of the industrial workers. If you want to have a real representative of agricultural interests, I am sure you can find one and some machinery should be devised whereby agricultural labour can get representation in the Council. That is one suggestion which I have got to make so far as improving the personnel of the Council is concerned. I think it is not fair that Chambers of Commerce should have representation and the agriculturist should go without representation. Then, Sir, I should like the Honourable Mr. Tyson to tell us what Government have done with the report submitted by Sir John Russell about two years back. I think Sir John Russell recommended in that report that there should be propaganda and that there should be more effort to apply the researches to the development of agriculture. The report was made two years ago and I would like therefore to know what has been done with that report? Have you had any conferences with Provincial Ministers or have you had any consultations with Departments of Agriculture in the provinces in regard to the report? Has the report been considered by the Department of Agricultural Research? Have any conclusions been arrived at in regard to the recommendations made by Sir John Russell? These are questions on which I should like to be enlightened by the Honourable Mr. Tyson. Then, the Agricultural Commission pointed out that the basis of all agricultural

[Mr. P. N. Saprū.]

progress is experiment and that being so I think machinery should be devised which would bring to the knowledge of the average agriculturist in this country the results of the researches of the Imperial Council of Agricultural Research. The Council should organise and co-operate for this purpose with the Provincial Governments. It should organise demonstration farms and experimental farms. I think, Sir, if necessary—I am just making a suggestion for the consideration of the Honourable Mr. Tyson—we should depute some officer for a short time to study what is being done in the progressive State of Mysore in this connection. I was told by an Indian Civil Service officer who had just visited Mysore that they had made great progress in agriculture there; he was very much struck with some of the experimental farms he saw there and I should like Government to depute some officer to study what is being done in Mysore. He can be sent on a short deputation and if the Mysore experiment has any lessons for us, it may be tried in the Indian provinces also.

There is one other observation that I should like to make and that is about the Vice-Chairman of the Council of Agricultural Research. The Vice-Chairman of the Council of Agricultural Research until recently had the status of a Secretary to the Government of India. Now, Sir,—

THE HONOURABLE SIR ALAN LLOYD: What has this to do with the Bill?

THE HONOURABLE MR. P. N. SAPRŪ: I think we can offer these observations of a general character?

THE HONOURABLE SIR ALAN LLOYD: This is not the Finance Bill.

THE HONOURABLE MR. P. N. SAPRŪ: I know it is not the Finance Bill, but the administration of the Council of Agricultural Research—

THE HONOURABLE THE PRESIDENT: Your colleague has already spoken on it. You can proceed to the next point.

THE HONOURABLE MR. P. N. SAPRŪ: The point has been emphasised by the Honourable Pandit Kunzru; I should just like to express my agreement with what Pandit Kunzru has said about the position of the Vice-Chairman of the Council of Agricultural Research. Then there are two officers shown in the list of officers of the Department, one is called the Agricultural Commissioner with the Government of India and the other is called the Animal Husbandry Commissioner with the Government of India. I should like to know what exactly is the relation in which these officers stand to the Council, what is the control that the Council exercises over these officers?

THE HONOURABLE MR. HOSSAIN IMAM: No control.

THE HONOURABLE MR. P. N. SAPRŪ: The Honourable Mr. Hossain Imam, who is a member of the Council, says that the Council exercises no control. I think they should be brought under the control of the Council and that is a suggestion that I would make to the Honourable Mr. Tyson.

I have already indicated that I am not raising any objection to this Bill, because it is going to provide the Council with funds. I do not think that the treatment of the Council by the Government in the past has been what it should have been. It has been to a certain extent step-motherly. But I

recognise, Sir, that the Council needs independent funds and therefore I am not raising any objection to this Bill. This is all that I have got to say about this Bill.

THE HONOURABLE MR. J. D. TYSON: Sir, my Honourable friend Pandit Kunzru asked for certain figures which arose out of something I said in moving for consideration of the Bill. I have been able to put my hand on them now and I am grateful to Pandit Kunzru for enabling me to show Honourable Members their magnitude. The total liability for sugar research on the 1st of April, 1939 (I have only got the figures up to the 1st April, 1939), was Rs. 37·43 lakhs, of which Rs. 28·83 lakhs represents the actual expenditure up to that date, and Government had made grants totalling Rs. 31·42 lakhs for that purpose up to the same date. These figures do not include expenditure on account of the maintenance of the Imperial Institute of Sugar Technology: this is maintained directly from central revenues: it was established in 1936 and costs about Rs. 2½ lakhs a year.

Now, Sir, I come to the criticism which has been made by several Honourable Members that Government ought to have met the needs of the Imperial Council of Agricultural Research out of ordinary taxation. Well, Sir, they have done so far, but it is very largely a matter of the needs of the Council outrunning the capacity of the Government to find the money from existing taxation receipts without imposing further taxation. One does not blame the Council of Agricultural Research for this. The fact is that when you take up research in a wide field like the agricultural field, the very success of one item of research leads to other items of research becoming desirable and in that way undoubtedly the grasp of the Council has extended. As regards this year, Honourable Members heard the financial statement and discussed it in this House. I do not know whether Honourable Members got the impression that there was any scope for increasing the Government grant from Rs. 5 lakhs to, say, Rs. 15 lakhs this year from existing resources of Government: but even if Government had been able to find funds this year, there would have been no stability in the position, and stability as regards its future resources is very desirable for a long term institution like a research institution. Whether it is right or wrong, Honourable Members will realise that in times of financial stringency, and particularly I should say in war time, the claims of a long-term thing like research are apt to take a back place. We therefore feel that it is better for the sake of the Council that they should be given a separate source of revenue and that they should not have to depend on the luck of the budget each year for their grant. Even if we had taken the course of asking for separate taxation as such, the proceeds would only have gone into the general revenues. We could not say that the proceeds of any separate tax would have been allocated even this year to the Council of Agricultural Research, let alone in the future. And therefore for the sake of the stability of the income of the Council, Government have favoured the measure that is put forward by this Bill.

Then, Sir, turning to another point, it has been said, and it is a criticism with which I personally, if I may say so, have much sympathy, that the results of research are very slow in reaching the agriculturists. I think that would be so in every country. There is bound to be a great lag before the results of research can reach and be adopted by so conservative a person as the cultivator or farmer. But I have been referred in this connection to the work of certain cess committees which deal with specific single commodities. I think it is probably true,—I hope it is true,—that the work of these cess committees

[Mr. J. D. Tyson.]

is reflected more quickly than the work of the Imperial Council in the commodities with which they deal. In the first place, for the commodities with which they deal, they handle proportionately very much larger sums of money. The receipts of the Lac Cess Committee are Rs. 3½ lakhs. The Cotton Cess Committee handles a budget of about Rs. 7½ lakhs. The Tea Cess Committee handles a colossal sum—I believe something over Rs. 40 lakhs. And naturally when all this money is devoted to research in the interests of one commodity, there ought to be a quicker and greater return to the commodity than when sums of something like Rs. 11 lakhs are spent on research in the very wide field of animal husbandry and agriculture. But Honourable Members must not forget that these industries pay for what they get. Whereas the modest cess that we are asking for is only one-half per cent., the cesses by which these other committees' labours are supported are : jute 6·1 per cent., rice 3·1 per cent., coffee 2·2 per cent., lac 1·7 per cent. They are a great deal higher. But that the producers do actually benefit from the labours of the Imperial Council of Agricultural Research is not, I think, seriously contested. Their researches for important varieties of sugarcane and rice have been of immense benefit already to the people of the countryside. These improved seeds and strains have been made available. And in animal husbandry, I believe it is true to say that their discoveries for the prevention of rinderpest have already saved lakhs and lakhs of head of cattle for the cultivator. And when all is said and done, whether Honourable Members like it or not, it is in the main a provincial responsibility to carry to the cultivator the fruits of research. I have no reason to suppose that the provinces are not aware of their responsibilities in the matter and doing their best, with considerable success, to shoulder those responsibilities. There are constitutional difficulties about entrusting the Central Government with developmental work. The Imperial Council of Agricultural Research cannot perhaps undertake direct developmental work but they are a research body and they can make research into the way in which the fruits of their research can be brought home to the cultivator. As the question has been raised what has been done on Sir John Russell's recommendations, I may say that developmental research to see how the results can be brought home to the cultivator has been taken up recently by the Council. This is a question which the Council have in their mind, and they are prepared to devote attention to it.

Reference was also made to the existence of separate committees whose researches extend only to a single commodity in each case. Possibly all of them pre-existed the Imperial Council of Agricultural Research. But I understand that in fact co-ordination between them *inter se* and between them and the Imperial Council is very close,—largely through common membership of the different bodies.

My Honourable friend Mr. Kunzru thinks that I was embarrassed by his reference to the status of the Imperial Council. I did not mean to give him that impression. I do not see that the change which was made in the position of the Council last year was at all relevant to the Bill that we are now discussing. But I do welcome the opportunity to say that there has been no intention of reducing or impairing the status of the Imperial Council in any way. The resolution by which the change was made on the 5th January, 1939, gave a reason, namely, to enable the Council more fully to carry out its primary functions and to relieve it of all unnecessary routine. The object, I understand, really was to put the Council in the position which was originally envisaged by the Agricultural Commission. As I say, in any case, that was done

before this Bill was drawn up and I do not think that the matter is in any way connected with this Bill.

The Honourable Mr. Hossain Imam, for whose support to this measure I am very grateful, has made a suggestion. He has asked whether the existing Institutions of Research under the Central Government should not be placed under the Imperial Council of Agricultural Research. That again has no very immediate reference to the matter under discussion in the House. But I may say that it has been considered. But the Imperial Council has no research institutions under it. It is a co-ordinating body and Government have felt that there are difficulties in giving it charge also of institutions which do research work directly. I believe there is collaboration between these various institutions and the Imperial Council as regards the working out of their programmes. Of course, these institutions do a certain amount of research work for, and in that respect under the direction of, the Imperial Council of Agricultural Research.

The question has been asked why the Imperial Council has been established by executive resolution rather than by statute. I have not had time to go back into the history of that, but there is an advantage in its being set up by an executive notification only. A statute could only apply to British India. It could not apply to the Indian States and it is desirable that we should secure, and we have been successful in securing, the co-operation of six or seven Indian States. We have their representatives on the Governing Body. We are anxious to maintain that position.

I have been asked what action Government have taken on the report of Sir John Russell and Dr. Wright. This is hardly the occasion for a discussion of the action that has been taken—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The question did not relate to all the recommendations of these officers but to their recommendation regarding the practical utilisation of the researches carried on by the Council.

THE HONOURABLE MR. J. D. TYSON : I had not the Honourable Mr. Kunzru's question in view but the Honourable Mr. Sapru's. So far as that specific recommendation goes, I have already said that the Council have made it a further subject of research as to how their researches can be brought home to the cultivator! As regards the other points made by the Honourable Mr. Sapru—his suggestion for widening the scope of the Council's investigations and for widening the personnel of the Council, they are on record and I think it would not be within the scope of the discussion on this Bill to give any views on them.

I think I have answered all the points connected with the Bill.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of information, Sir. May I ask the Honourable Member to enlighten us whether linseed and groundnuts will be subject to this excise duty or not?

THE HONOURABLE MR. J. D. TYSON : Yes, Sir.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That the Bill to make better financial provision for the Imperial Council of Agricultural Research, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

The Schedule was added to the Bill.

Clause 3 was added to the Bill.

Clauses 4 to 9 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. D. TYSON : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INSURANCE (AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :

"That the Bill further to amend the Insurance Act, 1938, as passed by the Legislative Assembly, be taken into consideration."

This Bill, Sir, is twice as long as the one with which we have just dealt, but I do not think it will require quite so much of the attention of the House for the reason that it cannot be said to introduce, as the last Bill did, an important new principle into the administration. It is, as the Statement of Objects and Reasons makes clear, a Bill designed to improve a measure which was only recently passed by the Legislature and which was only brought into actual operation in July, 1939. The Insurance Act, 1938, Sir, was a very important measure. It introduced a lot of entirely new functions for the Government Department concerned, and also, it is almost fair to say, actually involved the creation of a new Government Department. It is hardly to be wondered at that within a few months of the Act coming into operation it should be found that, despite the best endeavours of those who contributed to the drafting and amending of the Bill as it passed through the Legislature, a certain amount of grit had got into the machinery and a certain amount of defects were to be found in the machine. Honourable Members probably include many who have purchased a new motor car and it will have been their experience that it is quite a little time before the engine is tuned up and adjusted so as to run really well. That is what may be said to be the position of the Insurance Branch of the Department which I represent in applying the Insurance Act. We have found a number of points, many of comparatively minor importance, some of great practical importance, which have called for readjustment and rectification. This Bill deals with a selection of those points. We have left others, those which were not urgent and those which we felt might perhaps be controversial or might raise matters of principle that could not very well be put before the Legislature without previous circulation in the country, for a second Bill which it is hoped will come before the Legislature at the next session. What is left and what we have before us today consists almost entirely of measures for the removal of ambiguities and uncertainties and for the removal of practical inconveniences which the literal application of the provisions of the Act has been found to create—inconveniences both to the administration and to the insurance companies themselves. That I think is

a fair description of practically the whole of the Bill, with the exception of one group of two clauses which refer to concessions that can be made in the case of insurance companies registered in an Indian State in order that our own insurance companies may enjoy the privileged position which in practice they have enjoyed in the past in Indian States. It is very necessary, as we have no power of coercing States in this matter, to be able to offer those States reasonable facilities in the way of reciprocity, so that we can offer to their companies, if they have any, facilities which we want those States to offer to our own companies when doing business in the States. And that is a matter we consider of urgency, and it really does not involve a new principle either. It is merely an amendment. The principle was already accepted in the passing of section 116 of the existing Act, but we are merely amending that section because we find it did not go quite far enough, and we have also found that it would be useful to have the power to accept as suitable for investment securities issued by Indian States if they are specified as approved by the Central Government.

The Bill, Sir, as I have indicated, had to be dealt with too rapidly to be circulated for public opinion. But I have heard very little in the way of criticism since the Bill was published on its introduction in the other place, and I believe that this justifies my claim that we made our selection on the principles which I have mentioned correctly; that is to say, we did choose non-controversial matters. I have also said that we confined ourselves to urgent matters. With this explanation I commend the Bill to the acceptance of the House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, I want to offer a few observations on two clauses of the Bill, 7 and 14. Clause 7 of the Bill amends section 35 of the Insurance Act, which relates to the conditions under which a life insurance business can be amalgamated with another business of the same kind. The present procedure in respect of amalgamation is laid down mainly in sub-section 3 of this section. The point that I wish to refer to is that Government have hitherto accepted the actuarial or other reports on which a scheme for amalgamation was based and have only required an additional report by an independent actuary on the proposed amalgamation. It will however in future be necessary for each of the companies concerned to submit a new actuarial report in addition to the report of an independent actuary which was hitherto necessary. There are two questions that arise in this connection. One relates to the position of companies which applied for amalgamation before the introduction of the Bill. Will the amendment when passed apply to those companies? I refer to the case of these companies because if they have to wait now for a fresh actuarial valuation which will take time and which will cost some money, their business might be affected. The delay in amalgamation may prejudice the future position of the companies. New customers may be discouraged by the delay in amalgamation from insuring their lives with these companies. I hope that Government will consider the cases of such companies sympathetically.

The other point relates to the position of small companies which want to amalgamate. When this question was raised in the other House the Honourable the Commerce Member gave an assurance that where one of the companies concerned had a standing which was well known to Government a fresh actuarial valuation would be dispensed with. It should, however, be borne in mind that it is mainly small companies that wish to amalgamate. I believe this has been the experience all over the world. If you accept the existing actuarial valuation only where a big company is concerned, it means that you

[Pandit Hirday Nath Kunzru.]

want the smaller companies to be absorbed by the bigger companies. It is desirable, however, that the smaller companies should amalgamate to strengthen themselves. This will be an advantage to those who want to insure their lives and will place life insurance work in future on a sounder basis. Government should not therefore exempt the companies wanting to amalgamate from the need for submitting a fresh actuarial report only where one of the companies is big and well known to them. They ought to make it possible for the smaller companies whose position has hitherto been sound and whose unsound practices, if they were to indulge in them, would soon come to the knowledge of the Insurance Superintendent to be sympathetically treated. The actuarial reports are not more than five years' old. It is quite possible for a company which was thoroughly sound when the actuarial report was published to let its position deteriorate afterwards. Surely if such a thing takes place, the Superintendent of Insurance, if he is fully conversant with the work of the insurance companies, will quickly come to know of it. I hope, therefore, that where the companies concerned wishing to amalgamate are small but are known to be sound the same concession would be extended to them as the Honourable the Commerce Member has agreed to extend in cases where one of the companies has a standing well known to Government.

The second clause about which I should like to make a few remarks is clause 14. It seeks to introduce a new section in the Insurance Act. It requires the Court to give the Superintendent of Insurance an opportunity of being heard before it passes any orders on a scheme for amalgamation. Section 35 of the Act to which I have already referred requires that certain papers relating to the scheme of amalgamation which are specified in this section shall at least two months before the application is made—that is before the application for amalgamation is made to a Court—be sent to the Central Government. It further provides that certified copies of certain documents shall also be submitted to the Central Government along with the other papers. One should have thought therefore that the Superintendent of Insurance would have ample time to form his opinion regarding the scheme of amalgamation and to oppose it if he thought it necessary. I want to know, therefore, why it is sought to introduce a new section the purport of which I have already explained. I hope that the new section would not be used unsympathetically and that it would not cause unnecessary delay in bringing about amalgamation where it is desirable. I hope my Honourable friend Sir Alan Lloyd will be able to assure us that Government do not propose to delay unduly schemes of amalgamation and that they will consider sympathetically schemes for amalgamation where small companies are concerned.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I wish to say a few words. Sir Alan Lloyd justified the bringing of this Bill on the ground that it did not bring any contentious amendments and he has frightened us already that a bigger Bill is in store which may take a long time. This Bill is long enough and comprehensive enough not to be allowed to be disposed of without some enlightenment. I should like to remind the House that when the main Insurance Act came before the Legislature it took more than a year to dispose of. In that Act a further step to clarify and set right was taken in this way. After the Legislative Assembly had finished the Bill, the Council of State did not take it up immediately but it allowed the Government a recess of more than a month to revise up the wording and to tone it up ; with the result that when

it came up to this House, you will remember, Sir, we had a special session and it was thoroughly revised and touched up. Although we finished the Bill in November, 1937, the Act received the assent of the Governor General in 1938 and was brought into effect in June, 1939. All this time it was being revised and examined. The result of it is now before us. The Honourable Pandit Kunzru has drawn attention to two specific clauses. I also wish to draw attention to clause 10 of the Bill. Here, Sir, the fundamental principle of the Insurance Act is being changed. A provident society under the amending Act cannot transact any business of more than Rs. 500 or of an annuity of more than Rs. 50, whereas under the present Act—the old section 102C has now become 118—a specific amendment was made in this House on my Motion and Government accepted that under certain conditions some kinds of provident societies would be exempted from that limit. I refer, Sir, specifically to pages 690, 910 and 953 of the Council of State Debates, Volume 2, 1937. I should like to read the words of the Honourable Mr. Bartley who moved the amendment. In this amendment, Sir, on page 953, the power was given to the Superintendent of Insurance to exempt—

“any mutual or provident insurance society composed wholly of Government servants or of railway servants which has been exempted from any or all of the provisions of the Provident Insurance Societies Act, 1912”.

Moving the amendment, Mr. Bartley said :—

“The class referred to in clause (b) is a new importation to cover certain provident insurance societies which it was desired by the Honourable Mr. Hossain Imam to include and which were not apparently covered by the wording which we adopted in the original draft”.

The provision was made, that the Superintendent of Insurance can exempt provident societies of railwaymen or of Government servants, if he is satisfied that they are running efficiently from the point of view of the provisions of this Act, meaning thereby that, although they would be registered under the provident societies part of this Act, yet they can transact business of more than Rs. 500. Here, Sir, it is penalised. New section 66 has been inserted to the effect that—

“no provident society shall undertake any form of insurance not falling within the limits fixed by sub-section (1) of section 65, nor shall any provident society be eligible to be registered under section 3”.

A solemn assurance was given by the Government that exemption could be made and now it is repudiated without so much as any justification for doing this. Provident societies, Sir, when they deal with the public have to undergo certain restrictions because the rules for provident societies are different from those for insurance. But when action is confined to a small body of men like Government servants or railway servants, they do not stand in competition with the general insurers. This matter should be re-examined. Further than this, Sir, I find that it will now be very difficult for any provident society if it wants to convert itself into a mutual to do so under the present amending Act. It will have to go through the whole process of voluntary liquidation and then it can be registered as a mutual society. That thing will make the question more difficult than it is at the present moment. So, instead of making it easier for the work to be done I feel that there might be places where you are making it much more difficult. But, my only hope is, Sir, that, when he brings forward his comprehensive Bill, the bigger Bill about which he has promised us, all this will be rectified. So I would like to suggest to the Honourable Member that instead of waiting to introduce a Bill in the

[Mr. Hossain Imam.]

Legislative Assembly, if he could possibly publish it in the Gazette long before the Assembly meets, that will help us and make it possible for all of us to give the Bill further consideration and make it better.

THE HONOURABLE SIR ALAN LLOYD : Sir, I think I can express my gratitude to the House for the cordial reception they have given to this Bill. The criticisms which have been made are, I feel, not of any great substance, and at the same time are not embarrassing to answer. My Honourable friend Pandit Kunzru said referring to clause 7 that hitherto we have been accepting what he described as the ordinary actuarial reports. Well, Sir, I think I must remind him that "hitherto" does not cover a long period of time; we have been only taking these since last July. So I do not think any squatter's rights have been acquired in that matter. He asked two questions—the first relating to the position of companies which have applied for amalgamation before the introduction of the Bill. I suppose he wants an assurance that the Central Government would be prepared to undertake to guarantee that they would make a direction under the proviso which appears in the last part of clause 7 in all such cases. I regret to say, Sir, that I cannot give such an assurance. It does seem to me quite possible that there may be cases of concerns which have applied for amalgamation before the introduction of this Bill, in which in the interests of the policy-holders it is necessary to secure somewhat more up-to-date actuarial reports. What is to be remembered, Sir, is that a great many of the concerns which are applying for amalgamation are doing so or are probably doing so for the reason that singly they find it difficult to make the prescribed deposits, whereas if they work together that difficulty will be reduced. Well, the companies that satisfy that description are very largely companies in what may be described as an immature stage, and the conditions of such immature companies are apt to change very rapidly and in a very short space of time. For that reason, Sir, I cannot give a positive assurance of the kind indicated, although I will certainly see to it that special attention is paid to the difficulties of companies which have already applied for amalgamation and in particular that every effort is made to avoid the enforcement of the provisions of the Bill, if and when it becomes law, being allowed to be used in such a way as to cause any avoidable delay whatever.

What I have said, Sir, in part covers the Honourable Pandit's second question, which related to the position of small companies. In that he referred to the explanation, which was given by the Honourable the Commerce Member in another place, that the proviso which, as I say, appears at the end of clause 7 was meant to enable the Central Government in its discretion to dispense with the most up-to-date actuarial accounts in the case of big and well-known companies. Well, Sir, I think I can say without hesitation that that was illustrative rather than exhaustive. We certainly retain and hope to retain the exercise of our discretion in any case in which the Superintendent of Insurance has good reason to feel that the condition of the company has not changed so rapidly as to make a valuation four or five years old an inadequate basis for examination of a proposal for amalgamation. More than that I do not think I can say. It would be no use having legislated for a power of discretion and then at the same time binding oneself not to exercise that discretion. I do think, Sir, that it should really be sufficient for me to point out that we shall not necessarily confine ourselves to any one particular description of companies.

The Honourable Pandit's second point referred to clause 14. Now this clause makes it certain that the Superintendent of Insurance shall have an

opportunity of making himself heard before an order of the court is passed under various sections and one of these which attracted the Honourable Pandit's particular attention was section 36. It is, I am afraid, actually the fact that already several cases have occurred in connection with this particular section—section 36—where the court has passed orders before the Superintendent of Insurance was himself satisfied that the necessary preliminaries had been complied with. When the law itself requires that two months' notice shall be given to Government before the application is made in court, surely it is a small matter to say that at the end of that time, the court shall not pass orders without giving the Superintendent of Insurance a hearing. And that is the effect, as I see it, of the clause in its relation to section 36. I submit, Sir, that so far as that criticism is concerned, it is not very firmly founded.

Turning to the remarks made by my Honourable friend Mr. Hossain Imam, perhaps the House will share with me the opinion that the subject is so highly technical that we may well take advantage of the concluding portion of his speech and undertake to examine it all very carefully before another Bill is introduced. I do not for one moment suggest that it will be out of order when the time comes for any one to suggest any amendments to the law as we propose to make it now. I would, however, before leaving it at that, just like to make one general observation. This is one of those cases where ambiguity or lack of clarity do cause great inconvenience. Under the law as it stands it is not really clear whether a single policy issued after the commencement of the Act would not take the Society outside Part III even if it had been inadvertently issued. At the same time, it is arguable that its registration cannot be cancelled, because the moment it issues a policy, the Society takes itself outside Part III, which includes the section that provides for cancellation. Then, after that stage, the position of the existing business which has been undertaken becomes uncertain.

Another aspect of the matter which must appeal to the House more than administrative difficulties is that to allow a Provident Society to change itself into an insurer without the fullest opportunity for the views of the policy-holders to be known is not really fair to policy-holders who have been in the habit of relying upon the protection which their interests are given by the law applicable to Provident Societies and the consequent mixing up of their vested interests with the interests of new entrants who may come into the Society after it had converted itself into an insurance company would create a confusion of principles. That, I think, is really a point of considerable value—that we should get a clear cut line between Provident Societies and Insurance companies, and if the Provident Society wishes to do other business, it should wind itself up and become an insurance company. Subject to that, I won't go into further details because we are going to have an opportunity of discussing this matter in the future.

I am very grateful to my Honourable friend for the suggestion that we should publish our proposals for legislation well in advance of the next session and not merely circulate and then postpone the passing of the Bill to another six months or so. I think I can safely say that it is extremely probable that that will be the line of action that we will adopt. I certainly hope myself that we shall be able to take that line of action. I have nothing more to say, Sir.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That the Bill further to amend the Insurance Act, 1938, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 to 19 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD : Sir, I move :

"That The Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INDIAN TARIFF (AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :

"That the Bill further to amend the Indian Tariff Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

This Bill, Sir, unlike the last one, is extremely short. Unlike the last one also, it introduces a new principle and so I do not think I ought to make my remarks quite so short as might be proportionate to the size of the Bill. The proposal contained in the Bill, as explained in the Statement of Objects and Reasons, is briefly this. It is to make insurance fund—in kind, not in cash—intended to safeguard the Indian tanning industry against interruption of its activities owing to possible shipping difficulties in obtaining supplies of wattle bark from South Africa. Wattle bark is a very important material for the tanning industry, especially as operated in Southern India, and there is no Indian substitute which even if equal in quality is available in such large and certain supplies as that which can be obtained from South Africa. Ensuring adequate supplies is a most important matter not only for the maintenance of the normal activities of the tanning industry, but also because the operations of that industry acquire special importance during war time, since so much of the leather which it produces is required for military purposes. When it was realised that with growing restrictions on the freedom of shipping there was some possibility of interference with regular supplies, and while the price was still within measurable distance of what it was before, it was decided by the Government that it was desirable at once to lay down a reserve stock of 7,500 tons of wattle bark, which is equivalent to a three months' reserve. I hope we shall not be accused of being rash in our inference that the shipping difficulties which might occur would not operate for more than three months. Still, when you enter an insurance business without any previous actuarial data, you must have some theory in your mind. This was the theory that we adopted, that interference for more than three months was not likely to be encountered.

Now, Sir, the object of this being done is for the benefit of the industry, in order to make sure that their work is not interrupted, and it was felt that quite the best way of financing it was to ask the industry itself to pay in the form of this import duty on what has hitherto been admitted free of duty, as being a raw material. The rate of duty is not a heavy one and it is not intended to maintain the duty in force after a figure has been reached which may be taken as guaranteeing us against loss on resale after conditions change at the end of the war, if the price has by then fallen appreciably below the price at which we have bought the stock. It is not on the basis of the price of the

stock that we have calculated the figure of duty we have charged, but on the basis of the estimate of possible loss on resale on return to something more like pre-war conditions. Here again we have no actuarial data to go upon, but we have worked on the assumption of a fall in price to something like the average level of the last three years ; the price we have bought at is 30 per cent. above that level.

That, Sir, I think explains the reasons why we have thought it desirable to ask the Legislature to agree to this measure, and I do not think there is much of a technical nature that I need detain the House with.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INDIAN TARIFF (SECOND AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :

"That the Bill further to amend the Indian Tariff Act, 1934 (Second Amendment), as passed by the Legislative Assembly, be taken into consideration."

As the Statement of Objects and Reasons shows, Sir, the object of this Bill is to carry on for a little time longer certain protective duties which expired on the 31st March last. In each case the reason is that the circumstances created by the war have created an uncertain and unsettled position which makes it impossible for us to feel our feet on a firm basis for formulating any alternative proposal. We do not on the one hand think, either in the case of wheat, and broken rice or of silk, that there can be no case at all for maintaining a protective duty at any level. Moreover we could not allow the duty on silk to be done away with altogether, if only for revenue reasons. We are satisfied in all cases that the changes in price level created by the war, and particularly enhancement of the rates of steamer freight, insurance and so forth, have created a condition under which the existing duties, if not excessive, are adequate. We therefore propose in present conditions to carry on the existing duties, always remembering that should the position become clearer, even within the brief lifetime that we propose for these extended duties, so that it is possible to come to a definite conclusion that the rate of duty is either excessive or insufficient, the executive Government has authority to take immediate action under the appropriate section of the Indian Tariff Act. With these brief remarks I commend this Bill to the attention of the House.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : On a point of information, Sir. Will Sir Alan Lloyd inform us whether

[Mr. Hossain Imam.]

the last four lines printed on this Bill which have been erased were inadvertently printed or is it that at the moment the taxes are being realised under an Ordinance? What is the position, Sir?

THE HONOURABLE SIR ALAN LLOYD: No, Sir, this declaration under the Provisional Collection of Taxes Act is necessary. There is no question of an Ordinance. There is no reduction of duty in the Tariff Act at the moment on any of these commodities since the 31st March, but under the Provisional Collection of Taxes Act they are being collected. This declaration in this Bill merely indicates the legal foundation for the recovery of duty at the rate proposed in this Bill.

THE HONOURABLE THE PRESIDENT: Then am I to understand that the declaration stands part of the Bill?

THE HONOURABLE SIR ALAN LLOYD: No, Sir, it is not part of the Bill. It is printed with the Bill. I think perhaps it might have been left out before it came before this House.

THE HONOURABLE MR. HOSSAIN IMAM: I think the Legislative Department should enlighten us on this point.

THE HONOURABLE SIR ALAN LLOYD: I will draw the attention of the Legislative Department to the point.

THE HONOURABLE THE PRESIDENT: Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1934 (Second Amendment), as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR REGINALD MAXWELL (Leader of the House): Sir, I understand that Honourable Members have no objection to the following four Bills being taken up on Wednesday, the 10th April, and I would request you, Sir, to waive the requirement of three days' notice:—

1. A Bill to regulate the import, manufacture, distribution and sale of drugs.
2. A Bill further to amend the Indian Mines Act, 1923.
3. A Bill further to amend the Petroleum Act, 1934.
4. A Bill further to amend the Motor Vehicles Act, 1939.

THE HONOURABLE THE PRESIDENT: Has any Honourable Member any objection?

SEVERAL HONOURABLE MEMBERS: No, Sir.

The Council then adjourned till Eleven of the Clock on Wednesday, the 10th April, 1940.

COUNCIL OF STATE.

Wednesday, 10th April, 1940.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

POSTPONEMENT OF THE PROPOSED ALL-INDIA SUGAR CONFERENCE.

102. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state the reasons for not calling the meeting of a small Advisory Committee and the Sugar Conference which they had decided to call?

THE HONOURABLE MR. J. D. TYSON: A copy of the Press Note which was issued on the 29th November, 1939, is laid on the table of the House. As the Conference itself was postponed the summoning of a committee to scrutinise suggestions for the agenda of the Conference became unnecessary.

As regards the future, the matter is receiving the attention of the Government of India as the Honourable Member may have gathered from the statement of the Honourable the Commerce Member in this House on the 3rd April.

GOVERNMENT OF INDIA.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

NEW DELHI, THE 29TH NOVEMBER, 1939.

Press Note.

It was announced in August last that the Government of India had decided to convene an all-India Sugar Conference to consider measures for the rationalisation and stabilisation of the sugar industry in India. In the light of subsequent events brought about by the outbreak of War, it has now been decided not to proceed with the proposal until the situation becomes clearer. It is considered inopportune to convene a conference with the object of concerting measures for the stabilisation of the industry at a time when conditions in India and elsewhere are so unstable.

SUBMISSION OF THE CASE OF SUGAR INDUSTRY TO A TARIFF BOARD.

103. THE HONOURABLE MR. HOSSAIN IMAM: Do Government propose to submit the case of sugar industry to a Tariff Board before the expiry of the present protective Act or not? If not, what do they propose to do in the matter?

THE HONOURABLE SIR ALAN LLOYD: The question is receiving the consideration of the Government of India.

THE HONOURABLE MR. HOSSAIN IMAM: When will the Government be able to announce their decision?

THE HONOURABLE SIR ALAN LLOYD: I am afraid I cannot tell that. We have practically a whole year to go before the existing duties lapse.

EXPIRY OF CONTRACTS OF RAILWAYS IN 1941.

104. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the names of Railways whose contracts expire in 1941 ? Do Government propose to give notice of termination now ? If not, why ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The contracts of the following Railways will expire in 1941 :—

- (i) Dibru-Sadiya Railway on 5th February, 1941.
- (ii) Shahdara-Saharanpur Light Railway on 18th April, 1941.
- (iii) Assam Bengal Railway
- and
- (iv) Bombay, Baroda and Central India Rail- } on 31st December, 1941.
- way

It has been decided not to purchase Dibru-Sadiya-Railway because it was not expected to be a good financial proposition. The case of the other Railways is under consideration.

THE HONOURABLE MR. HOSSAIN IMAM : What is the time for giving notice for Saharanpur Railway which expires on the 18th April, 1941 ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 18th April this year.

THE HONOURABLE MR. HOSSAIN IMAM : Has the Government come to any decision on that ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Government has not yet come to a final decision.

ACTION PROPOSED TO BE TAKEN ON THE WOOLLEY REPORT.

105. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state what action they propose to take on the Woolley Report ? Do they propose to give time to the Council for discussing the report ? If not, why not ?

THE HONOURABLE MR. J. D. TYSON : The attention of the Honourable Member is invited to the reply given to part (e) of his question No. 53 on the 14th March, 1940. With regard to the latter part of the question, Government will consider the suggestion.

ECONOMIC CORRESPONDENT TO THE ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

106. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Was the post of Economic Correspondent to the Economic Adviser, India, created with effect from the 1st November, 1938, in the Trade Department, Office of the High Commissioner for India, London, and was Mrs. A. A. Henderson appointed to it ?

(b) What are the duties of the post and what are Mrs. Henderson's qualifications for it ? What was the method followed in selecting her ? Was any effort made to find a suitable Indian for the post ?

(c) What is the salary attached to the post and what are Mrs. Henderson's present emoluments including allowances, if any ?

(d) When did Government sanction the creation of the post ? Was the matter placed before the Legislative Assembly, and, if so, when ? Is the post permanent or temporary ?

THE HONOURABLE SIR ALAN LLOYD : (a) Yes.

(b) The principal duties of the Economic Correspondent are to keep the Economic Adviser to the Government of India posted with up to date developments in general economic and financial matters. Mrs. Henderson is fully qualified to perform these duties. She was interviewed by certain officers of the Government of India at the request of the High Commissioner, and being found suitable for the post was selected. The answer to the concluding portion is in the negative, so far as I am aware.

(c) £350—50—500 per annum. Mrs. Henderson's present pay in this scale is £400 per annum. There is no allowance attached to the post.

(d) In August, 1938. The matter was not placed before the Legislative Assembly. The post is temporary.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Why was not an effort made to select an Indian ?

THE HONOURABLE SIR ALAN LLOYD : Well, Sir, I am not in a position to answer that question as a matter of actual fact, but it is a fair inference that it was thought quite unlikely that any Indian who had the necessary contacts and experience of economic life in London would be available at anything like such a small salary.

THE HONOURABLE MR. HOSSAIN IMAM : What are the special qualifications for this job ? The Honourable Member did not amplify.

THE HONOURABLE SIR ALAN LLOYD : I said that Mrs. Henderson was fully qualified to perform the duties of keeping the Economic Adviser posted with up to date developments in general economic and financial matters. Those are Mrs. Henderson's qualifications.

THE HONOURABLE MR. HOSSAIN IMAM : Has she any academic qualification ?

THE HONOURABLE SIR ALAN LLOYD : I am afraid I cannot answer that question. I do not think it is a question of academic qualification, but it is a question of qualifications derived from experience.

THE HONOURABLE MR. HOSSAIN IMAM : What was her special experience in this respect ?

THE HONOURABLE SIR ALAN LLOYD : I want notice of that question.

THE HONOURABLE MR. P. N. SAPRU : Was the post advertised ?

THE HONOURABLE SIR ALAN LLOYD : I believe not.

THE HONOURABLE MR. P. N. SAPRU : Was she interviewed by any formal selection committee or by some officials only ?

THE HONOURABLE SIR ALAN LLOYD: I am not aware, Sir, of the distinction between formal and informal committees. There is no standing committee to select Economic Correspondents, if that is what my Honourable friend means.

THE HONOURABLE MR. P. N. SAPRU: Who were the people who interviewed?

THE HONOURABLE SIR ALAN LLOYD: The Indian Trade Commissioner and the Additional Secretary to the Government of India in the Finance Department who was in England on leave at the time.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Why was no reference made to the Assembly which usually meets in August?

THE HONOURABLE SIR ALAN LLOYD: I am afraid I must ask for notice of that question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Why was no opportunity given to an Indian to acquire the contacts which the Honourable Member spoke of?

THE HONOURABLE SIR ALAN LLOYD: Because it was desirable to fill the post at once and not to wait for several years.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Could not an Indian have been appointed immediately who could have proceeded to England and established contacts immediately?

THE HONOURABLE SIR ALAN LLOYD: No, Sir; I do not think it is at all possible for an Indian or a European who came fresh into the field to establish contacts in a short space of time.

THE HONOURABLE MR. HOSSAIN IMAM: How long will this post last? For what period has she been appointed?

THE HONOURABLE SIR ALAN LLOYD: I must ask for notice of that question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The question asks whether the post is permanent or temporary. Why is not the Honourable Member ready with an answer?

THE HONOURABLE THE PRESIDENT: It is temporary.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: He ought to tell us really what is the period for which the post is to be in existence. Here is a post, Sir, to which a person without any academic qualifications has been appointed on the ground that she possesses general practical experience and the Honourable Member is not in a position to give any definite information with regard to it.

THE HONOURABLE MR. P. N. SAPRU: What is the salary attached to the post?

THE HONOURABLE SIR ALAN LLOYD: I apologise. I have the information with me. I was not sure that I had. The present tenure of the post is for four years from the 1st of May, 1939.

TRANSFER OF REFORMS OFFICE TO THE SECRETARIAT OF THE GOVERNOR GENERAL.

107. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Has the Reforms Office been made part of the Secretariat of the Governor General?

(b) Why is its retention in any form necessary after the decision of the authorities "to hold in suspense the work in connection with preparations for federation" as announced by His Excellency the Viceroy in his address to the Members of the Central Legislature on the 11th September, 1939?

THE HONOURABLE SIR REGINALD MAXWELL: (a) and (b). With the present suspension of preparations for Federation the question was considered of the continued existence of the Reforms Office as a separate organisation. As a result, and in view of the present political situation, it was decided, with effect from the 1st March, 1940, to abolish the Reforms Office and to transfer a small portion of the clerical establishment of that office to the Governor General's Secretariat; and to continue for the present in that Secretariat the posts of Reforms Commissioner and Deputy Secretary.

THE HONOURABLE MR. HOSSAIN IMAM: How long is this post to be continued? Has the Government come to a decision?

THE HONOURABLE SIR REGINALD MAXWELL: There is no decision; the tenure is indefinite.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is it a fact that in the volume containing the Demands for Grants in connection with the Budget the word "temporary" within brackets is to be found after the words "Reforms Commissioner"?

THE HONOURABLE SIR REGINALD MAXWELL: I was asked whether there was a definite period. I said it was indefinite.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: If the period is indefinite and it might be permanent, why is the word "temporary" to be found in brackets against the post of Reforms Commissioner?

THE HONOURABLE SIR REGINALD MAXWELL: A thing which is temporary can also be indefinite, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: What are the duties which these officers, whose posts are temporary but at the same time indefinite, discharge?

THE HONOURABLE SIR REGINALD MAXWELL: They are experts on constitutional questions on which the Governor General needs their assistance.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Has this arrangement been resorted to only in order to employ in high positions people for whom no jobs can be found at the present time?

THE HONOURABLE SIR REGINALD MAXWELL: The answer is in the negative, Sir.

THE HONOURABLE MR. HOSSAIN IMAM: May we ask whether the Reforms Commissioner now functions as a co-ordinating officer between the Governors and the Governor General with regard to the suspension of the provincial part of the constitution?

THE HONOURABLE SIR REGINALD MAXWELL: The suspension of the constitution requires no co-ordination.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: The introduction of Federation having been temporarily but indefinitely suspended, what are these officers expected to do?

THE HONOURABLE SIR REGINALD MAXWELL: May I remind the Honourable Member that the constitution is still fully working in four provinces?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is it intended then that the arrangement should be permanent, because the constitution will continue to be worked till it is permanently withdrawn by Parliament?

THE HONOURABLE SIR REGINALD MAXWELL: That is the reason why I said that the post is indefinite.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Why does the Honourable Member call it indefinite since the Government hope that the provincial part at any rate will be permanent?

THE HONOURABLE SIR REGINALD MAXWELL: Possibly at some time or other an end will be reached in these constitutional discussions.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: But I understand from what the Honourable Member says that the need for the Reforms Commissioner and his deputies will remain so long as the part of the Government of India Act relating to the provinces remain in force.

THE HONOURABLE SIR REGINALD MAXWELL: I did not say that, Sir. Constitutional questions arise not only in regard to the Provinces but also in regard to the Centre.

STATEMENTS, ETC., LAID ON THE TABLE.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways): Sir, I lay on the table the information promised in reply to questions Nos. 14 and 42 asked by the Honourable Pandit Hirday Nath Kunzru on the 6th March, 1940.

AMOUNT SPENT ON STIPENDS AND SCHOLARSHIPS IN OAKGROVE SCHOOL.

(a) Scholarships were granted from railway revenues at Oakgrove School up till 1937 when these were discontinued. But scholarships granted prior to this date have been allowed to run their full course. The expenditure from railway revenues on such scholarships in 1938-39 was Rs. 3,425, but this expenditure will disappear altogether in the course of the next year or so. Since 1937 grants have been made from the Staff

Benefit Fund for scholarships for pupils of East Indian Railway schools. The annual grant from the Staff Benefit Fund for Oakgrove is Rs. 3,000 and the actual expenditure in 1938-39 was Rs. 800 for scholarships and Rs. 400 for bursaries.

(b) The annual grant from the Staff Benefit Fund for scholarships for pupils of Indian H. E. Schools is Rs. 4,080 and the actual expenditure in 1938-39 was Rs. 2,095-7-0.

FOREMEN, ASSISTANT FOREMEN AND CHARGEMEN IN RAILWAY WORKSHOPS OF THE E. I. R. IN POSSESSION OF MECHANICAL ENGINEERING QUALIFICATIONS.

(a) Five Foremen, five Assistant Foremen and 38 Chargemen.

(b) Although the syllabus of the Technical School at Jamalpur is not as advanced as the syllabus of the various examinations of the City and Guilds Institute, apprentice mechanics are encouraged to appear for these examinations. Technical qualifications amongst others are given due consideration when filling selection posts.

CONGRATULATIONS TO THE HONOURABLE SIR GIRJA SHANKAR BAJPAI.

THE HONOURABLE THE PRESIDENT: Honourable Sir Girja Shankar Bajpai, I welcome you to this House on behalf of the Council of State and myself and congratulate you on your exalted promotion as Education Member of the Government of India. You come to this House not as a stranger because some years ago you acted for three or four months and we had the pleasure of meeting you here. We hope that in the future we shall have similar pleasure in seeing you often and hearing your eloquent speeches.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI (Education, Health and Lands Member): Mr. President, I am very grateful to you for the generosity and the warmth of your welcome. But, keen as my appreciation of that warmth is, Sir, I am pretty confident that the desire of most Honourable Members of this House to escape from the growing warmth of Delhi is no less, so that brevity will be the soul of my gratitude on this occasion. I thank you once again for your words of welcome and give the House an assurance that, whenever I have the privilege of addressing them here, my endeavour will be to secure their confidence and goodwill.

DRUGS BILL.

THE HONOURABLE MR. J. D. TYSON (Education, Health and Lands Secretary): Sir, I move:

"That the Bill to regulate the import, manufacture, distribution and sale of drugs, as passed by the Legislative Assembly, be taken into consideration."

The time is long past, Sir, I think, when the justification for legislation to regulate the import, manufacture and sale of drugs will be questioned, at all events in this Honourable House. Indeed, if Honourable Members accept this Bill today, they will only be setting the coping stone on a task which this House may claim to have initiated. Honourable Members will pardon me if I remind them that on the 9th March, 1927, in a debate in which you, Sir, participated and indeed played a decisive part, a Resolution was passed recommending to the Governor General in Council:

"to urge on Provincial Governments to take such steps as may be necessary to control the indiscriminate use of medicinal drugs and to legislate for the standardisation of the preparation and for the sale of such drugs."

[Mr. J. D. Tyson.]

It was in pursuance of that Resolution that the Drugs Enquiry Committee, more generally known by the name of its able and erudite Chairman, Colonel Chopra, was set up and the Bill we are considering this morning will, if accepted, represent the first fruits of that Committee's labours. In an attempt to give legislative effect to so much of the Chopra Committee's Report as affected the import of drugs, a Bill was introduced in 1937; but that legislation was not pursued, as the Select Committee in another place reported against a Bill which would leave uncontrolled manufacture in India and the distribution of drugs. It recommended more comprehensive legislation, not confined to the Central legislative field, and this, of course, required the concurrence of Provincial Governments. We have now been fortunate enough to secure the co-operation of Provincial Governments, signified by the passing of Resolutions under section 103 of the Government of India Act, and in pursuance of these Resolutions the present Bill seeks to regulate not only the import of drugs, which of course is a matter within the legislative field of the Centre, but also the manufacture and the sale of drugs, which are matters of provincial concern. There is already in existence a certain corpus of legislation dealing with the adulteration of drugs, but the provisions are scattered through a variety of Acts and even in respect of the ground they cover they have proved ineffective,—largely because, to quote the Chopra Committee,

“the lack of definite standards and tests, the want of skilled experts, and the absence of well-equipped laboratories and the staff to work them have proved insuperable barriers in their way.”

It is these deficiencies, pointed out in the Chopra Committee's Report, which the present Bill seeks to remedy. Perhaps the most important thing which the Bill seeks to do is to lay down certain definite standards by reference to which samples of any drug may be tested: and, since science does not stand still, machinery is also provided by which the standards can be varied and new standards can be added. That is the purpose of the Drugs Technical Advisory Board, which Honourable Members will find provided for in clause 5 of the Bill. That Board will advise Governments, both Central and Provincial, regarding standards and regarding all technical matters arising out of the administration of the measure. The Bill also envisages the appointment of expert analysts, the provision of laboratory facilities so that drugs may be tested, at the instance of the customs authorities as far as imports go, and at the instance of magistrates before whom cases are brought, to establish whether the drugs comply with the standards prescribed. The standards laid down at the outset will be found in the Schedule to the Bill, but power has been given to add the standards adopted by other countries after consultation with the Drugs Technical Advisory Board. I should like, Sir, at this stage to explain that medicines used exclusively in accordance with the Ayurvedic and Unani systems have been specifically excluded from the scope of the Bill. I mention this because I wish to assure Honourable Members that no disrespect is intended to these systems of medicine. Their exclusion from a measure which initially at all events must be somewhat experimental is due to the insuperable difficulty which exists at present with regard to the standardisation of these medicines. As I have already indicated, without standardisation there can be no proper prevention of adulteration.

The Bill requires that all drugs, whether imported or manufactured in the country, shall comply with the standards laid down and it will be an offence to import, manufacture, distribute or sell any drug which does not comply with those standards. The Bill gives power to Provincial Governments to appoint Inspectors whose duty it will be, under limitations expressed

in the Bill, to visit shops and places of manufacture and to take samples of drugs. Provincial Governments may also appoint Government Analysts to test samples submitted to them. The Central Drugs Laboratory will grant certificates of registration in respect of patent and proprietary medicines, and it will be lawful to sell patent and proprietary medicines only if their formula is printed on the label or is registered with the Central Drugs Laboratory.

The arrangement of the Bill is fully explained in the Statement of Objects and Reasons and Honourable Members will, I am sure, be relieved to hear that I do not propose to take them through all the clauses of a fairly long measure. In respect of two matters, however, to which I shall refer briefly, the Statement of Objects and Reasons has now become both incomplete and slightly misleading. Both matters concern the question of uniformity—uniformity of executive action and uniformity of standards. In the matter of uniformity, both as between the Centre and the Provinces and between the Provinces themselves, we cannot in the last resort get round the constitutional difficulty. It is a difficulty which is inherent in the present Government of India Act. It is this. Even if the Provinces authorise the Central Government to legislate on their behalf in the provincial field, their own legislative power in that field remains unimpaired and so also does their executive power. We cannot, therefore, much as we have been pressed to do so, take any action, legislative or executive, to deprive Provinces of their power to take their own line both as to the date on which they will introduce the Bill in their own jurisdiction or as to the standards which they will fix in respect of drugs manufactured or distributed in their own jurisdiction. All that we can do is to ensure that no individual Government shall adopt different standards or do anything in that connection destructive of uniformity through inadvertence or in ignorance of the disadvantages that will accrue. There are several provisions in the Bill itself which aim at ensuring that at every stage, both before a start is made and if changes are contemplated, there shall be consultation and an opportunity for—shall I say—moral suasion in the interests of uniformity. For example, there is to be only one Drugs Technical Advisory Board. That single Board must be consulted both by the Central Government and by the Provinces before rules are made, before standards are altered,—in fact, on all technical matters arising in the administration of the Act. Presumably the Board will give the same advice to all the Governments that consult it, and that provision, we feel, cannot but have a strongly unifying influence.

Then again, there is to be a Drugs Consultative Committee,—clause 7 of the Bill. That will be representative both of the Centre and of all the Provinces and it is to advise both the Centre and the Provinces “on any matter tending to secure uniformity in the administration of the Act”. This provision was added in another place and is therefore not mentioned in the Statement of Objects and Reasons.

Again, there is now only one Schedule to the Act. A reference to the Statement of Objects and Reasons will show Honourable Members that originally two schedules were contemplated. Apart from these provisions in the Bill itself there are possibilities of executive action in various forms that can be taken to the same end, but that end in the last resort must be achieved by persuasion. We cannot compel uniformity. I will only add that while in the Government of India are fully alive to the importance of uniformity in the administration of the Act, they see no reason to suppose that the Provinces will be oblivious of its advantages.

[Mr. J. D. Tyson.]

Sir, I have mentioned the principal features of the Bill. It is not a small Bill nor an unimportant one. It is, I believe, a measure fraught with great potentialities for the good of the people of British India. In that spirit I commend the Bill to the sympathetic consideration of the House.

Sir, I move.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): Sir, the Bill which has just been moved by the Honourable Mr. Tyson seeks to give effect to the recommendations of the Drugs Enquiry Committee so far as they relate to matters with which the Central Government is concerned. Sir, the history of the Bill which has been narrated by the Honourable Mr. Tyson illustrates how slow the machinery of Government is. It was in 1927 that a Resolution regarding the control of drugs was passed by this Council, and you, Sir, took a prominent part in the discussions on that Resolution. The Drugs Enquiry Committee was appointed in 1930. It did its work expeditiously and reported in 1931. I think it took about eight months to complete its work. Then, I believe we had a discussion in this Council in 1935. A respected Member of this House, the late Sir Nasarvanji Choksy, moved the Resolution, which was then opposed by the Government, regarding the control of drugs, and we were able to carry that Resolution in this House. In 1937, Government introduced a Bill which was later withdrawn and now we have this Bill before us. It has been fully considered and debated in the other place and I may say that I find myself generally in agreement with the Bill. It has taken the Government of India nine years to give effect to the recommendations of the Drugs Enquiry Committee, and this, Sir, in spite of the fact that India has been *par excellence* the dumping ground for every quack medicine and adulterated drug in every part of the world. Sir, Major-General Megaw, who was Surgeon-General with the Government of India at one time, once described India as "a land of quacks, quack traders and quack medicine mongers". You, Sir, who are in touch with life in this country, will not deny the truth of these observations. One has got only to read the advertisements that appear in Indian newspapers—even leading Indian newspapers—to realise how quackery succeeds and works in this country. I wish, Sir, there was some law which would check these disgusting advertisements—which disfigure even our leading newspapers—regarding the efficacy and potency or virtue of this or that drug on this or that part of the human system. They indicate how widespread the evil is in this country. The case for regulating the import, manufacture and sale of drugs is overwhelming. The Honourable Mr. Tyson is no doubt familiar with the gigantic fraud in connection with quinine which was exposed by Sir Henry Gidney. The mixing of inert substances with potent drugs is not unknown, and cases have been known where insulin, which is a treatment for diabetes, has been substituted by castor oil. There has been no machinery to test the strength, purity or deterioration through decomposition of foreign drugs, which are often tampered with by dealers. At page 52 of their Report the Committee made these observations:

"The Committee has considered the problem in all its aspects and feels convinced that it is justified in coming to the conclusion that the drugs in the Indian market are not above reproach and that many of them are of impure quality and defective strength. The evidence points to the conclusion that the traffic in such drugs is extensive and indiscriminate and that the strong language used by some of the witnesses in characterising the situation is by no means undeserved or exaggerated. It is not possible to estimate its exact extent with greater precision. Investigation into the reasons of the existence of this deplorable state does not fall within the scope of this Chapter."

Therefore the provisions of Chapter III of the Bill, which regulate the import of drugs and prescribe the standards of quality, etc., are clearly necessary. Clause 9 of the Bill gives a definition of what would be deemed to be a misbranded drug. Clause 10 empowers the Central Government to prohibit the import of certain drugs, and I particularly welcome in this connection sub-clause (d) of clause 10 which deals with patent or proprietary medicines.

Sir, the principle of Chapter IV which deals with the manufacture, sale and distribution of drugs is, I think, correct. The clauses have been carefully drafted and I particularly welcome clause 20 which gives to the Government power to appoint Government Analysts. I think it is a right principle that no person who has any interest in the manufacture, import or sale of drugs should be appointed an Inspector, and I am glad to see that there is a specific clause to this effect. Clause 29 defines the powers of Inspectors and it strikes me that those powers are neither too wide nor too large, and clause 26 will enable the purchaser of drugs to obtain a test or analysis of a drug purchased by him. Sir, I think the clauses are carefully drawn up and they should not hinder the growth of a healthy indigenous drug industry based on sound lines.

Chapter II is easily the most important Chapter in the Bill. It deals with the constitution of the Drugs Advisory Board, the Central Drugs Laboratory and the Drugs Consultative Committee. I may say that I am in agreement with the principles which underlie the constitution of these bodies. There is no substance in the criticism that the pharmaceutical profession and pharmaceutical chemists have only been given one seat each. Sir, the profession of pharmaceutical chemists in this country is not well organized. It is the easiest thing in the world to be a chemist in India. When you can't do anything else then you become a compounder, and when a doctor cannot get work in India he opens a chemist's shop. The compounder in an average Indian dispensary is a public danger, and I should therefore like to express the need for Pharmacy Acts in the Provinces, which would restrict the profession of chemists to qualified chemists. The dispensing of prescriptions in this country is most unsatisfactory. After all the dispensing of prescriptions is most important. A prescription will not have any effect on your system if it is not properly dispensed, and that does not seem to be always realised by even some medical professionals in this country. There are doctors who are not very careful about the dispensing of prescriptions which they give to patients. There ought to be stringent control over this profession of chemists. I think it ought not to be possible for any one to set himself up as a dispensing chemist without proper training. Sir, I will relate a personal experience which I had in Australia. I had a prescription which I wanted to get dispensed. I went to a shop in Melbourne and asked the chemist to dispense that prescription for me. It had been given to me by a very distinguished Indian physician, a professor of a Medical College and one of the leading practitioners in India. He told me that this was a special kind of prescription and he could not dispense it for me because the doctor's name was not on the Australian Register. I said that the doctor who had given me this prescription was a very eminent man at the top of his profession and so on. He said, "He may be all that, Sir, but he is not on the Register and if you will kindly have this prescription endorsed by an Australian doctor I will dispense it for you." Well, I spoke to a friend who took me to a doctor, who did not fortunately charge me any fee for endorsing that prescription. It was only then that I was able to get my prescription dispensed. Here anybody can go to a chemist's shop and get his prescription dispensed. I venture to assert with some confidence that if I

[Mr. P. N. Saprú.]

write a prescription—and I can write a few prescriptions—I venture to assert that if I write a prescription and my Honourable friend the Leader of the House takes it to a chemist, the prescription will be dispensed even though it may contain poisonous material.

Objection, I think, has been raised to a clause which provides for nominated representation of the pharmaceutical profession. We do not like nomination; none of us likes nomination, but the fact has got to be recognised that the profession is not well organised today and it is quite true that there are two organisations of chemists in this country, the Indian Pharmaceutical Association and the Bengal Pharmaceutical Association—I am forgetting their exact names. But I think, Sir, in view of the fact that the profession is not well organised I am not disposed to object to nomination. The Board I think has been well constituted. It will have the Director General of the Indian Medical Service, the Director of the Central Drugs Laboratory, the Director of the Central Research Institute, the Director of the Imperial Veterinary Research Institute, the Chief Chemist, Central Revenues, the Government Analyst, the representatives of the pharmaceutical profession and representatives of the Medical Council of India. Now, Sir, the medical man is better qualified to lay down standards than pharmaceutical chemists and I am not therefore disposed to quarrel with the over-representation—I will not call it over-representation—with the representation which has been given to the medical profession. A professor of Pharmacopoeia in a medical college knows far more about the chemistry of the medicine than a pharmaceutical chemist. I also welcome the proposal to constitute a Central Drugs Laboratory. I notice, Sir, pending the establishment of a Central Drugs Laboratory work will be done by the Central Research Institute at Kasauli. Reference has been made by the Honourable Mr. Tyson to the constitution of the Drugs Consultative Committee and I may say that I am in general agreement with the constitution proposed by the Bill.

Sir, I come to another aspect of the Bill. The Bill excludes from its operation the Unani and Ayurvedic drugs. On a careful consideration of the issues involved I have come to the conclusion that the Unani and Ayurvedic drugs need separate treatment. The great difficulty so far as the Unani and Ayurvedic systems are concerned is that no certificate or diploma is needed for one to become an Ayurvedic or Unani practitioner. In most cases the Ayurvedic or Unani practitioner is a hereditary practitioner and he has prescriptions handed down to him from ancestors. He does not want those prescriptions to be known to his fellow practitioners. His living depends upon the secrecy of those prescriptions. The systems are empirical and in certain class of cases they have their use—I do not say that there is nothing in the Indian Pharmacopoeia, probably there is. We need research into these systems and greater research into these systems of medicine which have shown great vitality in this country. In any case people have faith in these systems and we know that suggestion and faith are very important factors in the cure of diseases. Now, it strikes me that Western medical men cannot by any test known to them test the efficacy or otherwise of the medicines used by Ayurvedic and Unani practitioners. As I say, these medicines are different in quality from Western medicines; the system is different and the system is empirical and a Board constituted as the Board under this Bill would be ill-qualified to lay down standards for Indian medicines. Therefore separate treatment of Unani and Ayurvedic medicines is necessary. This does not mean that I do not wish this question of standardisation of Indian medicines

also to be taken up by Government. There are certain medicines which can be standardised. For example, in the Ayurvedic system you have *Makaradhvaj* or *Chavanaprash*. Every *hakim* or *vaid* will be able to supply you with these drugs, but drugs of this nature supplied by the ordinary *vaid* are not of the same quality as those supplied by a first class *vaid*. If you want good *Makaradhvaj* or good *Chavanaprash* you will probably go to a distinguished *Kaviraj* in Calcutta or Bombay or Madras or Delhi or some other big place. One has got to get these drugs from recognised firms. That is the only guarantee one has as to the purity of these drugs. The common man cannot go to the best firms and therefore there is need for the standardisation at all events of drugs which are in common use in these systems, and there is need for greater vigilance also so far as the use of these drugs is concerned. Sometimes you find that a *hakim* or a *vaid* prescribes drugs which are dangerous to the human system and I think this has been pointed out by the Drugs Enquiry Committee. I should like therefore this question of Unani and Ayurvedic medicines also to be taken up by the Government. Whether we like these systems or not, people have faith in these systems and our people will go to these *vaid*s and *hakims* even if we provide them with a much greater number of doctors in rural areas than they have today. I have known men who have had Western education, who have spent 10, 12, 15 years in British Universities, resorting to these *hakims* and *vaid*s because their inheritance, their sub-conscious mind, compel them to have faith in these systems which are as it were their inheritance, and from the point of view of the common man it is important that the question of the control of Ayurvedic and Unani drugs should be taken up at an early date.

There is one other suggestion, Sir, that I should like to make. Perhaps it is not strictly relevant to this Bill and it is more a matter for Provincial Governments than for the Central Government, but the Central Government can pass the suggestion on to the Provincial Governments, and that is why I am making the suggestion. The suggestion is that, I think the time has come when there should be a Register of Ayurvedic and Unani practitioners. No one should be allowed to set up as a Unani and Ayurvedic practitioner unless he has some training in a recognised institution. Sir, the Benares Hindu University has a very good college of Ayurvedic medicine. I believe the Aligarh University has a college for the promotion and study of the Unani system of medicine. I believe in Delhi the late Hakim Ajmal Khan started with training *hakims*. I know there is an institution in Allahabad which trains *hakims*. Now in Calcutta there is a college for training in Ayurvedic medicine by that very distinguished Indian physician, Kaviraj G. N. Sen.

Now, Sir, there is an awakening among *hakims* and *vaid*s. They themselves are moving with the times and, if you just give them a little helping hand and if you establish some colleges or schools for them, then it will be possible for you to insist that before a man is allowed to practice, he should have a certificate or diploma from a recognised institution. You will not be able to dispense with these systems of medicine so far as this country is concerned. I may have faith in these systems of medicine or not. That is a different matter. But you and I do not constitute India. It is the masses who constitute India and the fact has to be recognised that the masses have faith in these systems. Therefore, I think, the time has come when the Provincial Governments should take up the organisation of the Unani and Ayurvedic systems in a proper manner.

Sir, with these words, I desire to give my cordial support to this valuable and beneficent measure.

THE HONOURABLE MR. J. D. TYSON : Sir, I am grateful to the Honourable Mr. Sapru for his very wholehearted support of the Bill. I think there is only one point to which I wish to make a reference, for in what he said, on almost every point in which he addressed himself to the Bill, Sir, he expressed his satisfaction of the way in which it had been drawn. He did refer to the fact that, under clause 5, sub-clause (1) (ix), one member of the pharmaceutical profession is to be nominated by the Central Government but he also supplied Honourable Members with the reason for that. The pharmaceutical profession is not organised in India at present. There are, as a matter of fact three associations that we know of who would expect to be allowed to select, elect or choose the pharmaceutical representative, and in these circumstances we thought it better to retain a power to nominate at this stage. Should a time come, and it has been suggested that the time will come, when the pharmaceutical profession is organised in India, really organised under legislation, it may be possible to allow that profession, through its recognised body, to select their representatives on the Drugs Technical Advisory Board. I am not, Sir, in a position to say anything about separate standardisation for the Unani and Ayurvedic systems of medicine. As I have said, we have excluded them from the scope of this Bill.

THE HONOURABLE SIR GIRJA SHANKAR BAJPAI (Education, Health and Lands Member) : Sir, I do not really know that it is necessary for me to stand long between this measure and the one next on the order paper, but I might, perhaps, touch on one or two points which my Honourable friend Mr. Sapru raised,—first, with regard to the standardisation of Unani and Ayurvedic drugs, and, secondly, with regard to the registration of Ayurvedic and Unani practitioners.

As regards the first, Sir, my Honourable friend, who has made a careful study of Colonel Chopra's Report, is doubtless familiar with what Colonel Chopra has to say on the subject in paragraph 168 of that Report. This standardisation is an extremely difficult business. For instance, take a thing which is advertised under the romantic name of "Royal Yakuti". Well, how is anybody to know what the Royal Yakuti contains? It is intended for kings and princes only. I do not know that the kings and princes who are supposed to use it would be prepared to disclose the secrets of this particular medicine. Colonel Chopra certainly told me that he would find it impossible to pass any judgment on the efficacy of this drug or the claims that are made on behalf of this drug. To the extent that it is possible for Colonel Chopra or others interested in the drug question to investigate the prophylactic or pharmaceutical properties of Indian drugs, research is being done. And I think my Honourable friend is aware of the fact that Colonel Chopra at the School of Tropical Medicine in Calcutta has been doing this for the last nine years. But only the other day he told me that in these nine years he has been able only to touch the fringe of the subject. That being so, it is rather difficult to expect the Central Government to do what really needs not only the co-operation of but primary effort on the part of Provincial Governments.

As regards the registration of *vaid*s and *hakims*, my Honourable friend is well aware that medical education and the regulation of medical standards are provincial subjects. There again, I submit, Sir, that the correct forum for making the suggestion is the Provincial Legislature and not the Central Council of State. But I will undertake to circulate a copy of the debate on this Bill to Provincial Governments in the hope that it may serve to stimulate their interest in this particular suggestion of the Honourable Member.

That, Sir, is all that I need say. I should like on the occasion of my first appearance in this House to thank the House for the brevity with which they have given their blessing to this measure. After all, Sir, it provides an illustration of the truth of the French saying "*Noblesse oblige*".

THE HONOURABLE THE PRESIDENT : Motion made :

"That the Bill to regulate the import, manufacture, distribution and sale of drugs, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

Clauses 3 to 7 were added to the Bill.

The Schedule was added to the Bill.

Clause 8 was added to the Bill.

Clauses 9 to 34 were added to the Bill.

THE HONOURABLE THE PRESIDENT : The question is :

"That clause 1 stand part of the Bill."

THE HONOURABLE MR. HOSSAIN IMAM : May I say a word, Sir? I only want an assurance from the Government—it says here :

"Part III shall take effect only from such date as the Central Government may, by notification in the official Gazette, appoint."

—that it will be early enough that Part III will come into effect, and that they will use their good offices with the Provinces to see that Part IV is given effect as soon as possible. There has been no assurance from the Government that they will not take nine years, as they did in giving effect to the Report of the Committee?

12 NOON. THE HONOURABLE SIR GIRJA SHANKAR BAJPAI : Sir, I think I can assure my Honourable friend that so far as the Central Government is concerned there will be no lag or lassitude.

The Motion was adopted.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. D. TYSON : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INDIAN MINES (AMENDMENT) BILL.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary) : Sir, I move :

"That the Bill further to amend the Indian Mines Act, 1923, as passed by the Legislative Assembly, be taken into consideration."

Sir, I do not think it is necessary for me to make a speech explaining the objects of this Bill which are stated in the Statement of Objects and Reasons.

[Mr. M. S. A. Hydari.]

All that I need say is that it seeks to implement one of the recommendations of the Coal Mining Committee and gives Government power to make a regulation to ensure the efficient supervision of mines.

Sir, I move.

The Motion was adopted.

Clauses 2 to 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. S. A. HYDARI : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

PETROLEUM (AMENDMENT) BILL.

THE HONOURABLE MR. M. S. A. HYDARI (Labour Secretary) : Sir, I move :

"That the Bill further to amend the Petroleum Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

Sir, there are only two small amendments in this Bill. One seeks to carry out the intention of the Act of 1934 and the other seeks to avoid duplication of work. The reasons are stated in the two notes on clauses appended to the Bill and I commend the measure to the consideration of the House.

The Motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. S. A. HYDARI : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

MOTOR VEHICLES (AMENDMENT) BILL.

THE HONOURABLE MR. S. N. ROY (Communications Secretary) : Sir, I move :

"That the Bill further to amend the Motor Vehicles Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

Sir, the Bill is a very simple one and deals with a drafting point. As Honourable Members are aware, the scheme of Part IV of the Act is that all transport vehicles, whether they be stage carriages or vehicles operating as public carriers of goods, should operate in accordance with the conditions of the permits granted by the Regional Transport Authority. Now, both categories of vehicles are required, when they make their applications for permits, to state the routes or the areas in which they propose to operate, and Transport Authorities have power to lay down conditions as regards the routes

on which they are going to operate or in certain cases, if that is more convenient, the areas. Section 56 of the Act, which deals with public carriers of goods, gives specific power to the Regional Transport Authority to attach a condition in the permit to the effect that the vehicle shall be used only on specified routes or in a specified area. In section 48, although it was intended to have precisely the same effect, that particular clause has not been included and Government are advised that the difference in wording between the two sections may lead to difficulties of interpretation. That is the only reason why this Bill has been brought before the House. The operative part of the Bill is the last clause which seeks to add to the section the clause

"That the stage carriage or stage carriages shall be used only on specified routes or in a specified area."

The opportunity has also been taken to amend the wording of the remaining part of the section in order to bring it into line with the wording of section 56, so that no difficulty of interpretation may arise.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. S. N. ROY : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : I understand from the Honourable the Leader of the House that there is no further business before the House.

THE HONOURABLE SIR REGINALD MAXWELL (Leader of the House) : Yes, Sir, there is no further business.

THE HONOURABLE THE PRESIDENT : The Council will now adjourn *sine die*.

The Council then adjourned *sine die*.

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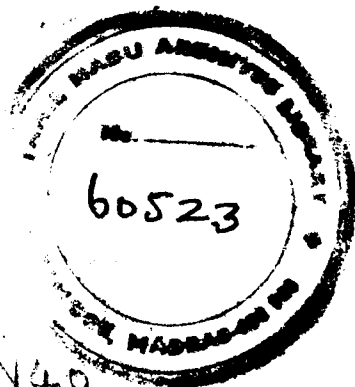
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